Canada Revenue Agency

2013–14

Report on Plans and Priorities

Mission

To administer tax, benefits, and related programs, and ensure compliance on behalf of governments across Canada, thereby contributing to the ongoing economic and social well-being of Canadians.

Vision

The CRA is the model for trusted tax and benefit administration, providing unparalleled service and value to its clients, and offering its employees outstanding career opportunities.

Values

Integrity
Professionalism
Respect
Co-operation

Promise

Contributing to the well-being of Canadians and the efficiency of government by delivering world-class tax and benefit administration that is responsive, effective, and trusted.

Table of Content

Message from the Minister 1
Message from the Commissioner 2

Section I: Organizational overview 3
- Raison d'être 3
- Responsibilities 3
- Strategic outcomes and program alignment architecture 4
- Organizational priorities 5
- Risk analysis 6
- Planning summary 7

Section II: Analysis of programs by strategic outcomes 11

Strategic outcome: Taxpayers meet their obligations and Canada's revenue base is protected
- Taxpayer and business assistance (program 1) 12
- Assessment of returns and payment processing (program 2) 16
- Accounts receivable and returns compliance (program 3) 19
- Reporting compliance (program 4) 23
- Appeals (program 5) 28

Strategic outcome: Eligible families and individuals receive timely and accurate benefit payments
- Benefit programs (program 6) 31

Internal services (program 7) 34

Section III: Supplementary information 39
- List of supplementary information tables 41

Section IV: Other items of interest 42
- Organizational contact information 42
- Organizational structure 43
- Service standards at the CRA 44

Endnotes 46

Message from the Minister

The Government of Canada's priority is jobs, growth, and economic prosperity. I am pleased that the Canada Revenue Agency (CRA) is helping Canadians and especially small businesses to create jobs in the communities in which we live in, small and large.

As part of our Government's *Red Tape Reduction Action Plan*, the CRA is moving to reduce red tape, improve our services, and talk to small businesses. Small businesses are the foundation of the Canadian economy. The CRA is listening to Canadian small businesses and moving forward on the changes they have told us are important to them, including improvements to many e-services. In the past year, we have launched a secure enquiries service where businesses can ask confidential tax-related questions. We have also created a one-stop online business portal where businesses can easily access tax information and our online services.

The CRA has a responsibility to ensure that all taxpayers comply with their obligations and to address willful non-compliance. In particular, we will address high-risk areas like aggressive tax planning, the underground economy, and international tax avoidance schemes, so that Canadians can continue to have confidence in the integrity of the tax system.

As Minister of National Revenue, I am proud to present the CRA's *2013-14 Report on Plans and Priorities* which will guide us as we continue to make a difference in the lives of Canadians.

The Honourable Gail Shea, P.C., M.P.
Minister of National Revenue and
Minister of the Atlantic Canada Opportunities Agency

Message from the Commissioner

As the new Commissioner of the Canada Revenue Agency (CRA) I am excited to be assuming the leadership of a world-class tax administration. The CRA has an exemplary reputation. We are a capable and focused organization with a management and staff who are committed to excellence. As we move forward to meet the challenges of the future and implement our strategic vision, I feel fortunate to be assuming the leadership of this dynamic agency.

The work that we do is essential to the social and economic well-being of Canadians. We support social programs and economic growth by delivering credits and benefits to individuals and businesses and by collecting the revenue needed for governments to provide vital programs and services. Our goal is to provide exceptional service, protect Canada's revenue base, and deliver timely and correct credit and benefit payments. We are an organization that has always valued and demonstrated integrity in all of our actions and we will continue to promote this core corporate value.

We are committed to continually improving service while also contributing to the federal government's deficit reduction goals by transforming the way that we do business. We have developed a road map to help us build on our strengths and meet the challenges of the future. This agenda is ambitious, but I feel confident that we have the right plan, the right tools, and the right people to do the job.

I am excited to have joined the CRA at this pivotal time in its evolution. I am a strong advocate of organizational development and improvement, and place a high value on integrity and professionalism, and I am delighted to be assuming the leadership of an organization that shares these values. I look forward to leading the CRA in this period of change, as we continue to provide the high-quality services that Canadians expect and deserve.

Andrew Treusch
Commissioner of Revenue and
Chief Executive Officer of the CRA

Section I: Organizational overview

Raison d'être

The Canada Revenue Agency (CRA) is Canada's tax and benefit administrator. Last year we processed almost $419 billion in taxes and duties, and issued 111 million benefit and credit payments totalling approximately $21 billion for federal, provincial and territorial, and Aboriginal governments. We provide services to over 28 million individual and corporate taxpayers. The work that we do:

- **supports job creation and economic growth**, by simplifying the tax system and easing the compliance burden on taxpayers, while making sure that everyone contributes their share to fund government services;
- **helps hard-working Canadian families**, by making sure they get the benefits and credits they are entitled to, on time;
- **strengthens government integrity and accountability,** by providing services in line with the fairness and rigour that Canadians expect and deserve; and
- **contributes to reducing spending**, by modernizing our internal operations and providing modern and efficient services.

Responsibilities

The CRA administers the *Income Tax Act* and the *Excise Tax Act*. We are also responsible for legislation related to the Canada Pension Plan, Employment Insurance, and softwood lumber. The CRA acts on behalf of the federal government and a number of provincial, territorial and First Nations governments to administer a range of ongoing and one-time benefit and tax credit programs. Our non-tax activities include the administration of charities, tobacco, registered plans, and non-tax collections activities such as Canada Student Loans.

The CRA is responsible for the processing of payments, returns and registrations, and for the verification of information submitted to ensure that it is accurate and complete. We provide the tools, information, and services to make it as easy as possible for taxpayers to meet their obligations and for benefit recipients to get their full entitlements. We are engaging with taxpayers to reduce the compliance burden and to identify priorities for service improvement. However, as responsible administrators we also actively enforce compliance where taxpayers, through errors or avoidance, do not meet their obligations.

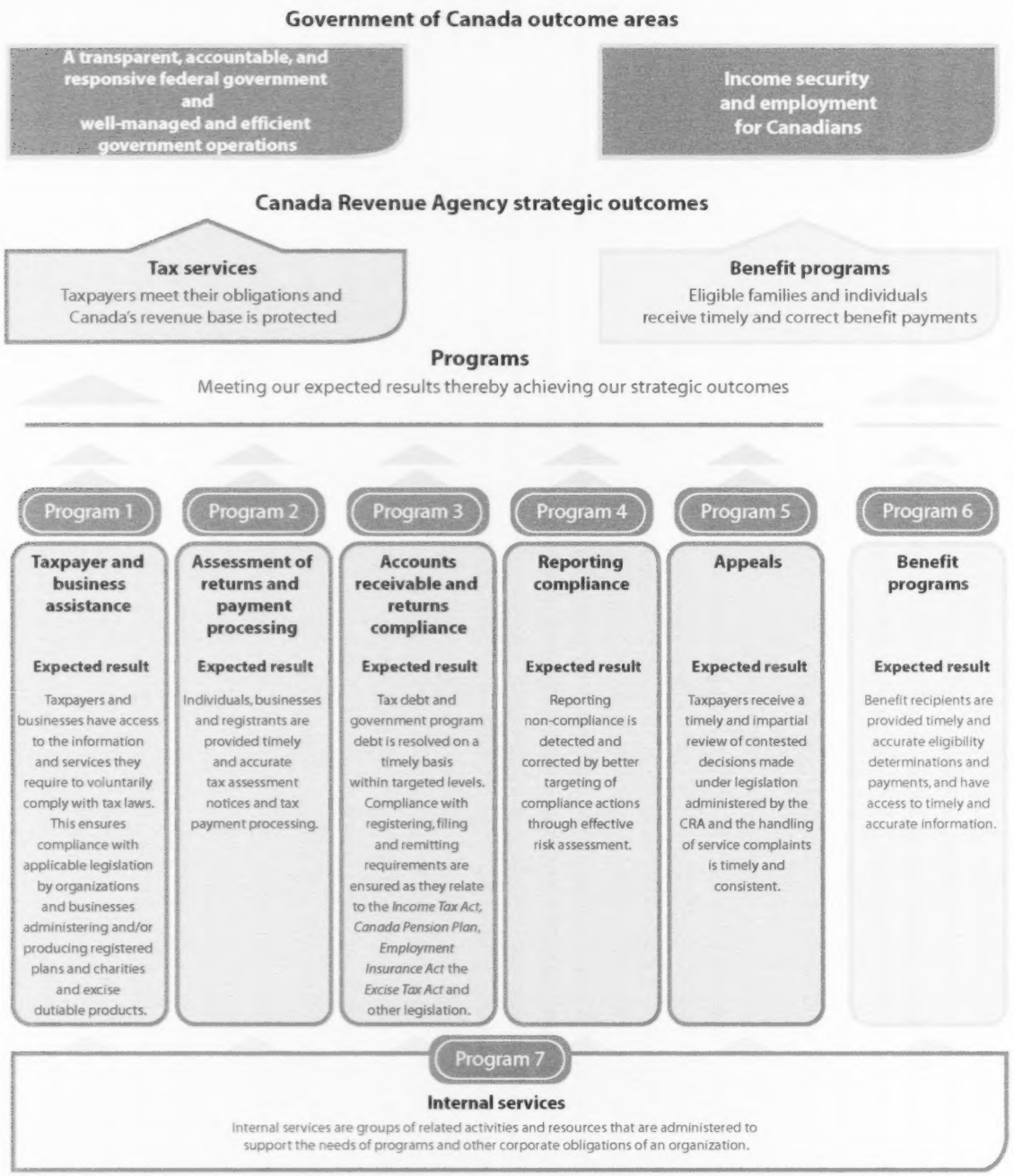
The CRA delivers a number of federal government benefit programs and administers a range of ongoing and one-time benefit and tax credit programs on behalf of provincial, territorial and First Nations government clients. Our services to these government clients helps to avoid duplication and to reduce the cost of government. We work hard to ensure the accuracy and timeliness of the benefits and credits we deliver.

The CRA is responsible for providing a tax and benefits administration that is fair and transparent. We provide recourse for those who do not agree with our decisions, a formal service complaints process for those who are not satisfied with our service, and we provide relief to individual taxpayers in situations where the strict application of the law would be unreasonable or unfair.

The CRA contributes to three of the Government of Canada's outcome areas:

- a transparent, accountable, and responsive federal government;
- well-managed and efficient government operations; and
- income security and employment for Canadians.

Strategic outcomes and program alignment architecture


Government of Canada outcome areas
A transparent, accountable, and responsive federal government and well-managed and efficient government operations
Income security and employment for Canadians
Canada Revenue Agency strategic outcomes
Tax services
Taxpayers meet their obligations and Canada's revenue base is protected
Benefit programs
Eligible families and individuals receive timely and correct benefit payments
Programs
Meeting our expected results thereby achieving our strategic outcomes
Program 1
Taxpayer and business assistance
Expected result
Taxpayers and businesses have access to the information and services they require to voluntarily comply with tax laws. This ensures compliance with applicable legislation by organizations and businesses administering and/or producing registered plans and charities and excise dutiable products.
Program 2
Assessment of returns and payment processing
Expected result
Individuals, businesses and registrants are provided timely and accurate tax assessment notices and tax payment processing.
Program 3
Accounts receivable and returns compliance
Expected result
Tax debt and government program debt is resolved on a timely basis within targeted levels. Compliance with registering, filing and remitting requirements are ensured as they relate to the Income Tax Act, Canada Pension Plan, Employment Insurance Act the Excise Tax Act and other legislation.
Program 4
Reporting compliance
Expected result
Reporting non-compliance is detected and corrected by better targeting of compliance actions through effective risk assessment.
Program 5
Appeals
Expected result
Taxpayers receive a timely and impartial review of contested decisions made under legislation administered by the CRA and the handling of service complaints is timely and consistent.
Program 6
Benefit programs
Expected result
Benefit recipients are provided timely and accurate eligibility determinations and payments, and have access to timely and accurate information.
Program 7
Internal services
Internal services are groups of related activities and resources that are administered to support the needs of programs and other corporate obligations of an organization.

Organizational priorities

The CRA has a fundamental commitment to the principles of service and integrity. Service and integrity underpin our strategies and drive our day-to-day behaviour. The CRA's Strategic Directions, published in 2012, set out how the CRA needs to evolve over the next five to ten years to keep abreast of our changing environment and remain a modern, service-oriented, trusted and effective tax administration. In 2013-2014, our priority will be to set out specific actions we will take to reinforce service and integrity while advancing our strategic directions.

Service excellence means making it as easy as possible for taxpayers to meet their obligations, and for benefit recipients to receive the right payment, on time. The CRA is renewing its Service Strategy to ensure that Canadians continue to receive the high-quality services that they expect and deserve. Our renewed Service Strategy will ensure that we tailor service design and delivery to the needs of taxpayers, reduce red tape and the work required to interact with us, expand our range of easy-to-use, convenient electronic services, and support our employees to be service oriented in all our dealings with taxpayers, benefit recipients and their representatives.

The CRA recognizes that integrity must be the foundation of all of our activities. As custodians of personal and sensitive information we must always conduct our affairs with absolute integrity. We must also ensure that taxpayers and benefit recipients receive fair treatment that accurately reflects tax laws. In 2013-2014, the CRA will take steps to further strengthen its integrity framework, so that the personal information of taxpayers continues to be fully protected and that we live up to our reputation as a trusted tax administration.

Canadians rely on the CRA to ensure that businesses and individuals pay their fair share of tax and receive the benefits to which they are entitled. Canada has a high rate of voluntary compliance, but we must be vigilant to ensure that those who try to avoid their obligations do not succeed. The CRA will continue to further strengthen our ability to quickly identify and correct non-compliance. Aggressive tax planning, which often exploits opportunities posed by cross-border transactions, will be a particular focus, but we will also address other types of non-compliance, like participation in the underground economy, that represent a risk to Canada's revenue base and make it difficult for small businesses to compete on a level playing field.

In addition to strengthening service and integrity, and advancing our strategic directions, the CRA has placed a priority on implementation of our immediate transformation agenda. In 2012-2013, the CRA introduced a range of short and medium term initiatives that will allow us to reduce operating costs and better position the CRA for the future. Over the course of the planning period, we are taking steps to:

- enhance our e-services and encourage taxpayers, benefit recipients and their representatives to use them;
- ensure that compliance activities are focused on areas of highest revenue risk; and
- improve the efficiency and effectiveness of our internal operations.

These transformation initiatives are reflected in the commitments for 2013-2014 described in this Report on Plans and Priorities.

Risk analysis

Our environment

As an organization we face an environment that presents challenges, opportunities, and risks. We must continue to deliver our mandate while strengthening our organizational capacity to mitigate risk, and take advantage of opportunities to improve our programs and services. The environmental factors we face include:

- a highly competitive and dynamic global economy that requires the CRA to work more closely with businesses to streamline services and reduce the compliance burden;
- the globalization of commerce and greater labour mobility that make offshore financial transfers and investments accessible to a wider range of taxpayers, increasing the risk represented by aggressive tax planning schemes;
- the evolving expectations of citizens and businesses that are driving changes in the way we deliver services and interact;
- new technological developments that offer opportunities to expand the use of business intelligence in our service delivery and non-compliance workload;
- an aging workforce that represent a human resource challenge in terms of sustaining capacity and filling emerging capability gaps; and
- the need to continue looking for efficiencies in delivering on our mandate.

Our challenge as an organization is to manage these risks and seize opportunities while continuing to deliver a world-class tax and benefits administration that is efficient, effective, and trusted.

Risk

Risk management is an essential process that strengthens our capacity to recognize, understand, and address risks. It provides a structured approach that supports a proactive response to uncertainty. In recent years the CRA has invested resources to ensure that risk assessment and management is considered in all decisions made by executives and managers. To help build and maintain risk management capacity throughout the organization, the CRA produces an annual Corporate Risk Profile. This profile:

- reports on the status of enterprise risks;
- monitors the implementation and performance of enterprise risk action plans; and
- ensures that enterprise risks are understood and taken into account in planning and decision making as well as facilitating the integration of enterprise risk information into planning exercises and corporate documents.

The CRA will continue to strengthen controls aimed at addressing non-compliance, particularly in regards to the underground economy and aggressive tax planning. We will maintain a strong dispute mechanism by enhancing the management of our objections inventory. We will mitigate the risks related to the delivery of timely and accurate benefit payments to Canadians through improvements to our benefit systems. From an operational perspective, our risk management priorities include the identification of workforce capacity risks and addressing existing capability gaps, with an emphasis on developping the skill sets required to deliver our programs in the future. We will also work to ensure that we have the tools and processes to promote and support knowledge transfer within our organization. As we pursue our drive to electronic, we will maintain the quality of our IT systems and our strong partnership with Shared Services Canada. Finally, we will provide support to taxpayers as we modernize our services. To do so, we will focus on maintaining effective and ongoing public communication as a means to assist Canadians during this time of change.

Our risk mitigation efforts in these priority areas will support the effective delivery of our core business, while we continue to evolve our programs and services.

Planning summary

Financial resources (thousands of dollars)

	Total budgetary expenditures (Main Estimates) 2013-14	Forecast spending 2012-13[1]	Planned spending 2013-14[1]	Planned spending 2014-15[1]	Planned spending 2015-16[1]
Canada Revenue Agency base spending	N/A	4,040,107	**3,984,465**	3,862,040	3,853,451
Items known for 2012-2013 and 2013-2014 but not yet included in outer years' planned spending	N/A	703,318	**283,000**		
Plus: Taxpayers' Ombudsman	N/A	3,124	**3,098**	2,967	2,970
Total planned spending	4,276,823	4,746,549	**4,270,563**	3,865,007	3,856,421

[1] The fluctuations in the Total Planned Spending budgets are largely due to the fact that certain types of expenditures are included in the current year (2012-2013) and the upcoming Estimates year (2013-2014) but are not yet included in the two outer years. More specifically:
(a) There is a carry forward of $248M from last year included in the 2012-2013 forecast;
(b) There is $175M included in the 2012-2013 forecast for maternity and severance payments; and
(c) While there is a statutory provision of $280M in 2012-2013, and $283M in 2013-2014 for disbursements to the provinces under the *Softwood Lumber Products Export Charge Act, 2006*, we do not have a forecast for future years.
Once these items are accounted for, as shown in Base spending budgets, the remaining variance will be primarily attributable to the gradual implementation of savings measures arising from the Budget 2012 spending review, reaching $196M by 2015-2016.

Human resources (full-time equivalent)

Total budgetary expenditures (Main Estimates) 2013-14	Forecast 2012-13	Planned 2013-14	Planned 2014-15	Planned 2015-16
39,371	41,144	**39,371**	38,354	38,209

Planning summary table

(thousands of dollars)

Strategic outcomes	Program (P)	Actual spending		Forecast spending	Planned spending			Alignment to Government of Canada outcomes
		2010-11	2011-12	2012-13[1]	2013-14[1]	2014-15[1]	2015-16[1]	
Taxpayers meet their obligations and Canada's revenue base is protected	Taxpayer and business assistance (P1)	551,883	530,542	561,868	**538,855**	245,811	243,702	A transparent, accountable, and responsive federal government
	Assessment of returns and payment processing (P2)	683,036	642,057	641,475	**595,735**	559,701	575,033	Well-managed and efficient government operations
	Accounts receivable and returns compliance (P3)	511,567	521,505	478,265	**428,029**	413,039	410,235	Well-managed and efficient government operations
	Reporting compliance (P4)	1,071,359	1,055,758	1,099,842	**1,015,345**	988,246	980,097	Well-managed and efficient government operations
	Appeals (P5)	164,065	175,064	179,149	**178,625**	173,148	169,228	A transparent, accountable, and responsive federal government
Eligible families and individuals receive timely and correct benefit payments	Benefit programs (P6)	369,838	369,783	383,130	**382,510**	382,314	385,942	Income security and employment for Canadians
Supports all strategic outcomes within the CRA	Internal services (P7)[2]	1,064,087	1,053,851	1,399,696	**1,128,367**	1,099,782	1,089,215	
Total CRA (excluding taxpayers' ombudsman)[3]		**4,415,836**	**4,348,561**	**4,743,425**	**4,267,465**	**3,862,040**	**3,853,452**	
Taxpayers and benefit recipients receive an independent and impartial review of their service-related complaints	Taxpayers' ombudsman (P9)	2,730	2,731	3,124	**3,098**	2,967	2,970	A transparent, accountable, and responsive federal government
Total CRA[4]		**4,418,566**	**4,351,292**	**4,746,549**	**4,270,563**	**3,865,007**	**3,856,421**	

1 The reduction in Forecast/Planned Spending over the planning period (from $4.747B in 2012-2013 to $3.856B in 2015-2016) is primarily attributable to:
(a) certain technical adjustments that are reflected only in 2012-2013 – a carry forward from 2011-2012 ($248M) and funding for maternity and severance benefits ($175M);
(b) the fact that Planned Spending in 2014-2015 and 2015-2016 does not yet include a forecast of disbursements to the provinces under the *Softwood Lumber Products Export Charge Act, 2006* (which amounted to $280M in 2012-2013 and $283M in 2013-2014); and
(c) the gradual implementation of savings measures arising from the Budget 2012 spending review, reaching $196M by 2015-2016.

2 For planning purposes, the 2013-2014 to 2015-2016 budget for real property accommodations is shown in Internal Services; at year-end, the actuals are attributed to all other programs in relevant proportions.

3 Since the Taxpayers' Ombudsman operates at arm's-length from the CRA, this Report on Plans and Priorities does not reflect the activities of that office.

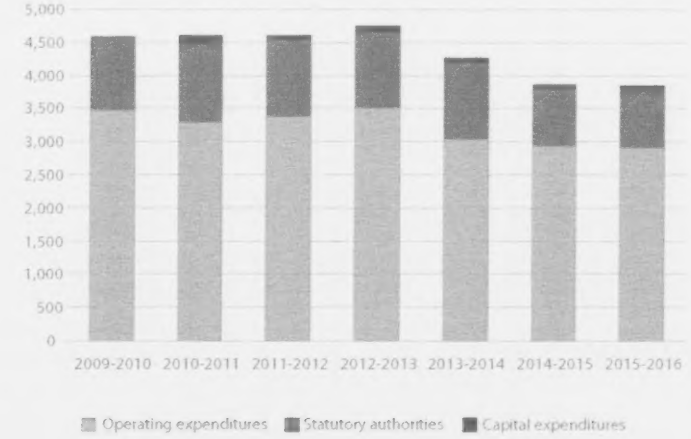
4 Details may not add to totals due to rounding.

Expenditure profile

CRA spending trend

As illustrated in Figure 1, the total spending amounts include all Parliamentary appropriations (Main Estimates and Supplementary Estimates) and revenue sources. It also includes: policy and operational initiatives arising from various Federal Budgets and Economic Statements; transfers from the Department of Public Works and Government Services Canada, for accommodations and real property services; the Softwood Lumber Agreement; the commencement of responsibilities related to the administration of corporate tax in Ontario, and the harmonization of sales tax in Ontario and British Columbia. It also includes the Children's Special Allowance payments.

Figure 1 Planned spending trend (millions of dollars)



For the period 2009-2010 to 2012-2013, total spending also includes certain technical adjustments such as the CRA's carry forward adjustments from the previous year, and funding for maternity and severance benefits.

For the period 2014-2015 and 2015-2016, planned spending does not yet include a forecast of disbursements to the provinces under the *Softwood Lumber Products Export Charge Act, 2006,* (which amounted to $280M in 2012-2013 and $283M in 2013-2014).

The period 2012-2013 to 2015-2016 reflects the gradual implementation of savings measures arising from the Budget 2012 spending review, reaching $196M by 2015-2016.

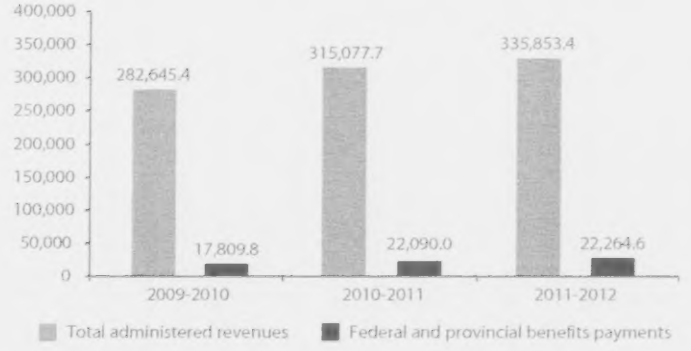
Furthermore, the CRA's Statutory Authorities have also fluctuated over the course of the 2009-2010 to 2015-2016 period, as a result of adjustments to the Children's Special Allowance payments for eligible children in the care of agencies and institutions, adjustments to the rates for the contributions to employee benefit plans, and increases to the spending of revenues received through the conduct of operations pursuant to Section 60 of the *Canada Revenue Agency Act*.

Based on the information available at the time of publication, the CRA senior management is confident that the CRA can successfully fulfill its mandate and meet its commitments over the planning period, respecting the financial authorities granted by Parliament.

As depicted in Figure 2, over the same period, the CRA's work volumes, as measured by administrated revenues, number of transactions and benefit payments have been trending upwards.

For more information on our organizational appropriates, please see the 2013-2014 Main Estimates publication.

Figure 2 Administered revenues and benefit payments (millions of dollars)



Our contribution to the Federal Sustainable Development Strategy

The Federal Sustainable Development Strategy (FSDS) outlines the Government of Canada's commitment to improving the transparency of environmental decision making, by articulating its key strategic environmental goals and targets. The government will be consulting the public in 2013-14 regarding the second three-year cycle of the FSDS (2013-2016). The 2013-16 FSDS will be finalized in 2013-14. It will be presented as part of year-end performance reporting for 2013-14.

The CRA ensures that consideration of these outcomes is an integral part of its decision-making processes. In particular, through the federal Strategic Environmental Assessment (SEA) process, any new policy, plan, or program initiative includes an analysis of its impact on attaining the FSDS goals and targets. The results of SEAs are made public when an initiative is announced, demonstrating the CRA's commitment to achieving the FSDS goals and targets.

The CRA contributes to Theme IV – Shrinking the Environmental Footprint – Beginning with Government as denoted by this visual identifier. These contributions are components of the following program and are further explained in Section II: program 7 – internal services.

For additional details on the CRA's activities to support sustainable development please see Section II of this RPP and www.cra-arc.gc.ca/sds/. Complete details on the Federal Sustainable Development Strategy can be found at www.ec.gc.ca/dd-sd/.

Section II: Analysis of programs by strategic outcomes

Strategic outcome

Taxpayers meet their obligations and Canada's revenue base is protected

- Taxpayer and business assistance (program 1)
- Assessment of returns and payment processing (program 2)
- Accounts receivable and returns compliance (program 3)
- Reporting compliance (program 4)
- Appeals (program 5)

Eligible families and individuals receive timely and accurate benefit payments

- Benefit programs (program 6)

Strategic outcome: Taxpayers meet their obligations and Canada's revenue base is protected.	
Performance indicators	**Targets**
Percentage of returns filed on time, by the specified due dates, without direct intervention on the part of the CRA.	90%
Percentage of known businesses registered for GST/HST.	90%
Percentage of reported taxes (including instalments) and source deductions that are paid on time.	90%

Strategic outcome: Eligible families and individuals receive timely and accurate benefit payments.	
Performance indicators	**Targets**
Percentage of benefits payments received by benefit recipients on time.	99%
Percentage of Canada Child Tax Benefit (CCTB) recipients, who provide complete and accurate information and receive the proper entitlement.	95%
Percentage of potentially entitled benefit recipients that receive the Canada Child Tax Benefit (CCTB) (reported after each Census).	95%

Taxpayer and business assistance (program 1)

Program description

This program assists taxpayers and businesses to meet their obligations under our self-assessment system. We do this through the provision of accurate and timely responses to their enquiries; providing information on our Web site, in pamphlets, and brochures; conducting targeted outreach activities; issuing income and commodity tax rulings and interpretations; making *Canada Pension Plan* and *Employment Insurance Act* eligibility determinations; and by providing services related to the registration of pension and other deferred income plans, as well as services relating to the registration of charities.

Financial resources (thousands of dollars)

Total budgetary expenditures (Main Estimates) 2013-14	Forecast spending 2012-13	Planned spending 2013-14	Planned spending 2014-15[1]	Planned spending 2015-16[1]
538,836	561,868	**538,855**	245,811	243,702

[1] The Planned spending in 2014-2015 and subsequent years does not include a forecast of disbursements to the provinces for the *Softwood Lumber Products Export Charge Act, 2006*, which is not yet available ($280M in 2012-2013 and $283M in 2013-2014).

Human resources (full-time equivalent)

Total budgetary expenditures (Main Estimates) 2013-14	Forecast 2012-13	Planned 2013-14	Planned 2014-15	Planned 2015-16
4,038	4,231	**4,038**	3,923	3,957

Program expected results	Performance indicators	Targets
Taxpayers and businesses have access to the information and services they require to voluntarily comply with tax laws.	Percentage of information products provided in print and on the Web site on time as per work plans to address taxpayer information needs.	95%
Compliance with applicable legislation by organizations and businesses administering and/or producing registered plans, charities, and excise dutiable products is improved.	Percentage of charities, registered plans, and commodity audits completed, compared to planned.	90%
Sub-program expected results	**Performance indicators**	**Targets**
Taxpayer services – enquiries		
Taxpayers and businesses have access to timely and accurate responses to their tax enquiries.	Percentage of tax calls (individual and business enquiries) answered within two minutes of entering the agent queue.	80%
	Percentage of accurately updated internal reference materials for taxpayer services agents.	100%
Taxpayer services – information products		
Taxpayers and businesses have access to timely information products.	Percentage of information products provided in print and on the Web site on time as per work plans to address taxpayer information needs.	95%
Registered plans		
Registered plan administrators and their agents receive timely service in response to applications.	Percentage of registered plan applications reviewed within the established timeframes (180 days).	85%

Sub-program expected results	Performance indicators	Targets
Non-compliance by registered plan administrators and their agents, with legislation and regulations pertaining to registered plans is detected and addressed.	Percentage of registered plan audits completed, compared to planned.	100%
Policy, rulings and interpretations		
Taxpayers and businesses receive timely rulings and interpretations under the *Income Tax Act*, the *Excise Tax Act*, and various other federal legislation.	Percentage of service standards targets that are met or mostly met relating to the timeliness of service delivery for Income Tax and GST/HST Rulings and Interpretations.	100%
Non-compliance with the *Excise Act* and the *Excise Act, 2001*, with respect to dutiable products is detected and addressed.	Percentage of planned excise regulatory reviews and excise compliance activities that are completed.	90%
Charities		
Service to registered charities and applicants for charitable status is enhanced.	Percentage of charities calls responded to within two minutes.	80%
	Percentage of charitable registration applications that are reviewed and responded to within established timeframes (2 months for simple and 6 months for regular applications).	80%
Improved compliance in the charitable sector.	Percentage of charities that are audited, that are known to be participating in abusive tax shelter schemes.	100%
	Percentage of charities that file an annual information return on time.	80%

Planning highlights

Service for taxpayers

Voluntary compliance and self-assessment are the fundamental principles that support the sustainability of our tax system. Taxpayers are expected to voluntarily determine their tax liability, submit required information, file, and pay amounts due on time. As administrators of this system, we have a responsibility to provide taxpayers with all of the tools and information they require to voluntarily meet their obligations. Our goal is to support taxpayers and benefit recipients, to make it easier for them to comply by providing accurate information that is easy to access and understand.

Enquiries and information services

Access to accurate, user-friendly, and timely information is fundamental to our self-assessment tax system. Canadians are increasingly choosing a diverse range of channels (the Web, social media, telephone, print, and written correspondence) to satisfy their information needs. The CRA is meeting taxpayer expectations by expanding the range of service options available to taxpayers and their representatives so that they can find what they need, when they need it, and in a format that they are used to using.

Recognizing that social media is an increasingly popular way to interact and receive simple information, the CRA has created YouTube videos about preparing income tax and benefit returns, as well as using Twitter to provide short updates and alerts for followers. While social media is an emerging service channel, our phone service continues to be a popular choice to access more interactive and individualized service by speaking directly with call centre agents. By providing a variety of service channels, we are responding to changing service expectations and making sure that information and services remain easily accessible to all Canadians.

We are enhancing our enquiries quality assurance program to ensure that the quality and accuracy of our responses to enquiries remains high and continues to improve. This program also allows us to identify training needs, procedural issues, accuracy trends, and to develop strategies to address product and service gaps. We will focus our research and analysis efforts on gaining a better understanding of client information needs and expectations. The CRA is implementing best practices and expanding its use of emerging technology to enhance the design and development of the

information products and services we deliver. In addition, we will continue to provide high-quality enquiries and information services to registered charities and applicants for registered status.

Policy, rulings, and interpretations

Business transactions often take place quickly, are complex, and involve large sums of money. Clarity about how GST/HST will apply or how transactions will affect income tax, lets businesses know that they can proceed with the confidence that they are complying fully with their tax obligations. Therefore, it is important that our information be proactive, timely, accurate, and easily accessible.

The CRA is advancing innovative approaches to providing technical information for our income tax and GST/HST rulings, by launching Income Tax Folios, a Web-based product that will increase the relevance and accessibility of the technical information we provide to taxpayers and their representatives. These new Folios will be organized by topic and will take advantage of the latest Web functionality. We will consult tax professionals to ensure that we are working on Folios that are most important and relevant to taxpayers and their intermediaries. We are also engaging tax intermediaries under an External Contributor Framework to help us draft some of the Folios. This strategy will help us to better anticipate information needs.

Legislation is constantly changing, and taxpayers and their representatives now have greater access to technical information than ever before. As a result, the questions and issues we face are increasing in sophistication. As tax professionals become more highly specialized, they expect CRA employees to maintain a similar high degree of technical expertise. To respond to these needs, the CRA is committed to providing staff with relevant, timely, and accessible training and knowledge sharing. We are promoting greater collaboration between various programs in the CRA and their stakeholders, to make it easier to share business intelligence, and to foster a better understanding of taxpayers' and representatives' needs and expectations.

Addressing non-compliance

Excise duties and taxes

The CRA collects excise duty imposed on tobacco products manufactured in Canada. Excise stamps indicate that excise duty has been paid on a particular tobacco product and their possession is restricted by statute. The Minister is authorized by statute to approve the design and construction of excise stamps and to issue stamps to persons who meet certain legislative conditions. Excise stamps have overt and covert features approved by the Minister which are designed to encourage compliance by facilitating the identification of contraband tobacco products. The CRA will continue to support the adoption of the enhanced tobacco stamp by the provinces.

The CRA continues to administer new softwood lumber measures implemented as a result of negotiation or arbitration with the United States government. On an as-needed basis, we will also continue to provide technical application services to the wine industry and provincial departments and agencies on the amendment of *Importation of Intoxicating Liquors Act*. This Act removed federal impediments to the interprovincial movement of wine.

Charities

The CRA supports and encourages compliance with income tax legislation and regulations for registered charities through the provision of enquiries services, outreach activities, and by providing a thorough and timely application process. Our outreach programs target the charitable sector and the public. We conduct information sessions all across Canada, and present webinars and webcasts. These activities provide participants with information on the tax deductibility of donations, record keeping, tax planning schemes, preparing for an audit, and the implications of non-compliance. Information on the requirements for registration is also available on our "Charities and Giving" Web pages. The CRA is also working to bring greater clarity and accountability to the issue of allowable activities for registered charities and registered Canadian amateur athletic associations.

Taxpayer and business assistance deliverables

Priority	Deliverable	Date
Enquiries and information services	Expanding the number and range of online videos and webinars	2013-2016
	Conduct analysis on channel demand, use and integration	2013-2015
	Target taxpayer population segments through improved Web navigation, architecture, and content management	2013-2015
	Enhance authoring and planning tools and business processes	2013-2014
	Strengthen the quality assurance program, agent training, and agent tools	2013-2015
Policy, rulings, and interpretations	Work collaboratively with stakeholders such as tax intermediaries to improve program and service delivery	2013-2016
	Expand our use of web technologies to facilitate employee collaboration, interactive learning and knowledge transfer	2013-2016
	Launch Income Tax Folios initiative	2013-2016
Addressing excise duties and taxes non-compliance	Facilitate further provincial adoption of the stamping program for provincial purposes	2013-2014
Addressing Charities non-compliance	Evaluate the effectiveness of sanctions and compliance agreements	2013-2014

Assessment of returns and payment processing (program 2)

Program description

This program is responsible for the assessment of returns and the processing of payments for individuals, businesses, and trusts. Activities include: risk assessment; third-party data matching; information validation processes; payment processing; accounting and adjustments; registering businesses for the Business Number, and establishing and maintaining accounts.

Financial resources (thousands of dollars)

Total budgetary expenditures (Main Estimates) 2013-14	Forecast spending 2012-13	Planned spending 2013-14	Planned spending 2014-15	Planned spending 2015-16
595,717	641,475	**595,735**	559,701	575,033

Human resources (full-time equivalent)

Total budgetary expenditures (Main Estimates) 2013-14	Forecast 2012-13	Planned 2013-14	Planned 2014-15	Planned 2015-16
6,547	6,824	**6,547**	6,100	6,117

Program expected results	Performance indicators	Targets
Individuals, businesses, and registrants are provided timely and accurate tax assessment notices and tax payment processing.	Percentage of service standards targets that are met or mostly met relating to timeliness of processing for individual, business, and GST/HST returns.	100%
Sub-program expected results	**Performance indicators**	**Targets**
Individual returns and payment processing		
Individual taxfilers receive timely and accurate assessment notices.	Percentage of service standards targets that are met or mostly met relating to T1 individual and T3 trust returns activities.	100%
	Percentage of individual (T1) returns processed accurately.	98%
	Percentage of individual (T1) returns received on time processed by mid-June.	98%
Individuals file electronically.	Individual (T1) electronic filing rates.	70%
Validation activities detect and address non-compliance by individuals with the reporting requirements of the Acts.	Percentage of planned validation reviews of individual returns (T1) completed.	100%
	Ratio of average dollar value assessed for targeted vs. random reviews.	Minimum ratio of 2:1
Business returns and payment processing		
Business taxfilers receive timely and accurate assessment notices and payment processing.	Percentage of service standards targets that are met or mostly met relating to business taxfilers (T2, GST/HST, excise and other levies) activities.	100%
	Percentage of T2 returns processed accurately.	98%
Remittance of payments to the Receiver General are processed on time.	Percentage of payments to the Receiver General are deposited within 24 hours of receipt.	96%

Sub-program expected results	Performance indicators	Targets
Voluntary disclosures program		
Promoting compliance with Canada's tax laws by encouraging taxpayers to voluntarily come forward and correct previous omissions in their dealings with the CRA.	Percentage of verified voluntary disclosures cases sampled through program reviews will be in compliance with CRA policies and procedures.	TBD

Planning highlights

Service for taxpayers

New technologies are changing the way citizens interact, seek information, and do business. These changes are creating new demands and expectations for our services. Canadians expect government to provide similar levels and channels of service as the private sector. While traditional channels remain important, usage of online services is increasing and is expected to continue to grow. The CRA was an early pioneer of e-government and we continue to build on our suite of e-services that provide online information and support simple transactions.

The CRA has established a strong foundation in e-services. We are expanding the range of functions that taxpayers and representatives can do online, and making our e-services more streamlined and intuitive. Over the next three years, the CRA will introduce three significant new features:

- e-Documents;
- e-Delivery; and
- e-Payments.

e-Documents will offer a secure method for taxpayers and authorized representatives to submit supporting documents required for specific claims made on their T1 returns.

e-Delivery will enable us to electronically inform taxpayers that they have correspondence or a request from the CRA that they need to view through a secure portal. e-Delivery will save on postage costs and allow us to contact taxpayers more efficiently. This translates into increased early certainty and faster resolution of tax issues for both the taxpayer and the CRA.

e-Payments will allow us to increase the number of channels taxpayers can use to pay their tax owing. e-Payments include electronic pre-authorized debits that will authorize the CRA to withdraw a predetermined payment amount directly from a taxpayer's account at a Canadian financial institution on a predetermined date.

Other enhancements to My Business Account include displaying balances such as non-capital losses and refundable dividend tax on hand for the last five tax year-ends. Using a phase-in approach, we will stop mailing the GST/HST Return for Registrants in order to reduce costs and the paper burden on business. We will improve our capacity to accept different types of returns and increase the number of forms that can be issued electronically. We believe that these improvements will help simplify the tax system for businesses.

Beginning in January 2013, tax preparers who are paid to prepare more than 10 income tax returns in a year will have to file them electronically. This new requirement applies to both T1 individual income tax and benefit returns and T2 corporation income tax returns for 2012 and later tax years.

Other improvements include:

- Removing exclusions for NETFILE and EFILE, which will permit more individuals and tax preparers to take advantage of our electronic filing services;
- Expanding Web Forms for Information Returns;
- Implementation of Internet filing of partnership returns;
- Implementation of Business Registration On-line re-engineering; and

- A new electronic filing service for the Excise Tax program.

Over the planning period, we will continue to enhance and expand our current services by:

- Extending the Message Centre function to businesses and authorized third party representatives, which will inform users of a new or waiting message upon logging in to My Business Account.
- Optimizing My Business Account to allow authorized third party representatives and their employees to make address changes for CRA programs.
- Providing online functionality to employers/payroll remitters to view their statement of source deductions securely online, and the ability to receive an electronic notification when a new statement is available online in the secure account area.

These changes are in line with our strategic direction to move more taxpayers and representatives to electronic services.

Addressing non-compliance

All tax returns are subject to risk assessment review. We are incorporating more non-compliance activities within our processes, at both the initial processing and post assessment stages. We will continue to invest in areas such as risk assessment and technological enhancements to systems that are designed to improve our analysis, identification, and management of risk in specific areas of reporting non-compliance.

We will maintain and build on our relationships with federal, provincial, and territorial government departments to strengthen joint initiatives aimed at addressing non-compliance.

Assessment of returns and payment processing deliverables

Priority	Deliverable	Date
Processing returns and payments	Communicate the new mandatory electronic filing requirement for tax preparers	Ongoing
Electronic filing	Enhancements to the electronic filing services EFILE and NETFILE	2013-2014
Electronic services	Expand e-Documents to the individual T1 population	2013-2014
	Introduce e-Delivery to My Business Account	2013-2014
	Implement Pre-Authorized Debit for all individuals and businesses	2013-2014
	Introduce e-Delivery to Represent a Client	2013-2014
	Introduce e-Delivery to My Account	2013-2015

Accounts receivable and returns compliance (program 3)

Program description

This program promotes and enforces compliance with Canada's tax laws for filing, withholding, registering, and debt obligations, including those amounts collected or withheld in trust for the Government of Canada. These activities are carried out on behalf of the Federal Government, provinces, territories, and certain First Nations governments. The activities of this program support the prevention, detection, and early resolution of non-compliance.

Financial resources (thousands of dollars)

Total budgetary expenditures (Main Estimates) 2013-14	Forecast spending 2012-13	Planned spending 2013-14	Planned spending 2014-15	Planned spending 2015-16
427,902	478,265	**428,029**	413,039	410,235

Human resources (full-time equivalent)

Total budgetary expenditures (Main Estimates) 2013-14	Forecast 2012-13	Planned 2013-14	Planned 2014-15	Planned 2015-16
7,433	7,316	**7,433**	7,315	7,320

Program expected results	Performance indicators	Targets
Tax debt and government programs debt is resolved on a timely basis and is within targeted levels.	Percentage of dollar value of tax and government programs accounts receivable resolved in the fiscal year compared to forecast.	100%
Ensure compliance with registering, filing, and remitting requirements as they relate to the *Income Tax Act*, the *Canada Pension Plan*, the *Employment Insurance Act*, the *Excise Tax Act* and other legislation.	Percentage of cases resolved, returns obtained, and accounts registered compared to forecast.	100%
Sub-program expected results	**Performance indicators**	**Targets**
Trust accounts - compliance		
Ensure compliance with filing and remitting requirements as they relate to the *Income Tax Act*, the *Canada Pension Plan*, the *Employment Insurance Act* and the *Excise Tax Act*.	Dollar value of assessments related to employer, GST/HST, and Part XIII related compliance activities.	Forecast
	Number of cases resolved directly associated to the value of assessments related to employer, GST/HST, and Part XIII related compliance activities.	Forecast
	Number of compliance activities completed that contribute to the value of assessments related to employer, GST/HST, and part XIII related compliance activities.	Forecast

Sub-program expected results	Performance indicators	Targets
Non-filer/non-registrant - compliance		
Ensure compliance of individuals, corporations, and trusts with filing and registration requirements as they relate to the *Income Tax Act*, the *Excise Tax Act*, and other legislation.	Dollar value of returns obtained and estimated assessments related to GST/HST non-registration activities, and non-filer activities for individuals, trusts, and corporations resolved at the TC/TSO level.	Forecast
	Number of returns obtained and accounts registered related to GST/HST non-registration activities, and non-filer activities for individuals, trusts, and corporations resolved at the TC/TSO level.	Forecast
	Number of compliance activities completed that contribute to the value of returns obtained, and estimated assessments related to GST/HST non-registration activities, and non-filer activities for individuals, trusts, and corporations that are resolved at the TC/TSO level.	Forecast
Automated operations and call centre		
Accounts resolved through high volume / low cost interventions.	Volume of selected non-filer (individuals and corporations) accounts resolved in the fiscal year through automated operations and call centre.	265,000
	Percentage of front-end operations intake (dollars) resolved in the year of intake.	76%
Accounts receivable - tax and government programs		
Tax debts are collected and resolved, on behalf of the federal, provincial, and territorial governments, on a timely basis and within targeted levels.	Percentage of dollar value of tax accounts receivable intake (dollars) resolved in the year of intake.	60%
	Percentage of TSO tax accounts receivable aged inventory (>5 years) compared to closing TSO inventory.	18%
	Percentage of accounts receivable dollars resolved (production) in the fiscal year compared to the dollar value of accounts receivable received (intake) in the fiscal year.	90%
Government programs debts are collected and resolved, on behalf of the federal, provincial, and territorial governments, and are within targeted levels.	Percentage of dollar value of government programs accounts receivable resolved in the fiscal year compared to forecast.	100%

Planning highlights

The CRA identifies and addresses non-compliance for a number of distinct program activities. The activities that specifically relate to accounts receivable and returns compliance are:

- pursuing individuals and businesses that have not filed returns or registered for the GST/HST;
- reviewing and examining returns for accuracy and completeness; and
- collecting amounts due.

Addressing non-compliance

Our tax system is based on the premise that the vast majority of taxpayers will voluntarily comply. However, as responsible administrators we must actively enforce compliance in cases where taxpayers, through neglect, avoidance, or fraud, do not meet their obligations. Compliance interventions can be viewed as a process that moves from influencing compliance to enforcing it. As we move toward enforcement, our activities become more focused, targeted, and more resource-intensive. Because enforcement is expensive, we manage our compliance activities intelligently by using a risk-based approach that focuses on the highest risk cases while considering resource constraint.

Business intelligence

Our investments in research and our use of business analytics provide us with a better understanding of non-compliant behaviour, and help us to develop effective ways to prevent and detect non-compliance. For example, our research tells us that

taxpayers who are installment remitters are seven times more likely to have a debt when we perform the initial assessment. By using business analytics we were able to determine that this segment accounted for more than half of the T1 debt on initial assessment. Based on these findings, we have developed a workload strategy to target this high-risk group and remind them of their obligation to remit all sums due and reduce the instances of unpaid taxes at the time of the assessment.

We also use advanced analytics and research to improve our ability to identify areas of highest risk. This ensures that our interventions are timed and targeted for maximum impact. For example, the Integrated Revenue Collections project is using exploratory data mining and predictive analytics to improve the collection and analysis of data. This project has allowed for the integration of business intelligence with program management at a level that was not previously attainable. We will continue to improve our business intelligence tools and decision-making processes through the use of these new and emerging business intelligence technologies. These findings are giving us insights that guide our strategic approach, business decisions, and sustain optimum levels of voluntary compliance.

Filing and registration non-compliance

The CRA ensures that taxpayers, businesses, and trusts register and/or file when they are required to do so. The CRA is employing a number of strategies to obtain returns in the most cost effective manner possible. Based on the assessed level of risk, accounts that can not be resolved through automated strategies are diverted for human intervention, and if required, escalating enforcement action is taken to obtain compliance. In addition, we undertake projects aimed at identifying and addressing filing and registration non-compliance in cases where there are no records on the CRA databases, or where previously unknown information has come to our attention. We also undertake specific projects designed to identify non-compliance in sectors where filing or registration non-compliance may be prevalent, such as those industry sectors where high levels of underground activity are known to exist.

Reporting non-compliance

Employers play an important role in supporting our tax system. They are responsible for withholding, remitting, and reporting GST/HST, and payroll deductions. Although non-compliance rates are relatively low, the amounts at risk are significant. GST/HST and payroll deductions represent a significant source of tax revenue for both the federal government and our other government clients, so our compliance activities in this area are directed towards businesses that do not properly withhold, remit, or report to the Receiver General of Canada.

The expansion of sales tax harmonization has increased the relative compliance risks of GST/HST reporting non-compliance. By targeting our outreach activities to help businesses understand their legislative responsibilities, including the changes in reporting brought about as the result of sales tax harmonization, we are taking steps to ensure that businesses are made aware of their reporting obligations. For example, in 2010, we launched a successful pilot project to provide a single automated filing and remitting message to new GST/HST registrants and new employers, using an Automated Dialing Announcement Device (ADAD). These messages were delivered prior to the first filing/remitting deadline. In 2012, a second phase of the project was launched to send a message to these new registrants and employers prior to their first three filing deadlines. During 2013-2014, we will be analysing the results of these activities to see if this approach has a lasting compliance impact on filing behaviour. By identifying businesses at risk and by using proactive compliance communication strategies, we will continue to protect the revenue base of federal, provincial, territorial, and First Nations governments.

Payment non-compliance

We are using business intelligence tools such as those developed by the Integrated Revenue Collections Project to identify trends, select files at highest risk, and manage our workloads intelligently. The most effective way to facilitate timely and efficient debt collection is early resolution. The longer a debt remains outstanding, the more difficult and expensive it is to collect. In this regard, we will continue to optimize the use of our Debt Management Call Centre, to quickly address high-volume, low-risk tax debt at a minimal cost.

The rate at which new debt enters into our workflow is largely out of our control. Rates of non-compliance can be influenced by factors such as changing economic conditions, the growth of aggressive tax planning schemes, strategic insolvencies, and a host of other socio-economic factors. We are vigilant in our attempts to monitor these factors and mitigate their impact on the

levels of payment non-compliance. We will continue to coordinate and reinforce CRA efforts to educate taxpayers about their obligations, and through our outreach activities we will seek to positively influence taxpayer compliance behaviour.

Outstanding accounts receivable have two main sources: debts created by taxpayers when they do not pay amounts owing when returns are filed, and debts identified by the CRA non-compliance identification activities. While non-compliance can take many forms, some of the highest-risk debt is often discovered through our own compliance activities. The debt that arises from these compliance activities often requires immediate action in order to mitigate the possibility of loss to the Crown. For this reason, we will continue to focus our attention on coordinating our activities to identify new debts arising from our compliance activities. We will develop more effective strategies for early intervention by increasing horizontal integration of our activities.

Accounts receivable and returns compliance deliverables

Priority	Deliverable	Date
Payment non-compliance	Implement the payment non-compliance action plan to address future arrears.	2013-2014
	Develop and validate baseline measurements for initiatives specific to payment non-compliance.	2013-2014
Addressing non-compliance for filing, registration, and reporting	Optimize risk assessment capabilities of our compliance programs.	2013-2014
	Analyse results of the single automated messaging for new GST/HST registrants and new employers using the Automated Dialing Announcement Device.	2013-2014

Reporting compliance (program 4)

Program description

This program verifies the information that taxpayers report and ensures that all required information is complete and accurately disclosed in order to establish tax liabilities. The tax base is protected through: audit, enforcement, and incentive administrative activities. Compliance is supported by increasing taxpayers' understanding of their tax obligations through outreach activities, client service, and education. Non-compliance is detected and addressed through risk assessment, audit, investigation, and by establishing strategic partnerships with stakeholders to leverage compliance efforts.

Financial resources (thousands of dollars)

Total budgetary expenditures (Main Estimates) 2013-14	Forecast spending 2012-13	Planned spending 2013-14	Planned spending 2014-15	Planned spending 2015-16
1,015,345	1,099,842	**1,015,345**	988,246	980,097

Human resources (full-time equivalent)

Total budgetary expenditures (Main Estimates) 2013-14	Forecast 2012-13	Planned 2013-14	Planned 2014-15	Planned 2015-16
10,360	10,303	**10,360**	10,148	10,049

Program expected results	Performance indicators	Targets
Reporting non-compliance is detected and corrected by better targeting of compliance actions through effective risk assessment.	Change rate (percentage of risk-assessed audit activities that result in detection of non-compliance by individuals and corporations).	80%
	Overall CPB fiscal impact generated per audit FTE.	Forecast
Sub-program expected results	**Performance indicators**	**Targets**
International and large business (ILB)		
Reporting non-compliance is detected and corrected by better targeting of compliance actions through effective risk assessment on the largest and most complex tax filers.	Change rate for ILB audits (percentage of risk-assessed audit activities that result in detection of non-compliance).	90%
	Fiscal impact generated per audit FTE (ILB audits).	Forecast
Small and medium enterprises (SME)		
Reporting non-compliance is detected and corrected by better targeting of compliance actions through effective risk assessment on individuals, small and medium businesses (less than $250M per year in gross sales), and non-residents.	Change rate for SME Audits (percentage of risk-assessed audit activities that result in detection of non-compliance).	75%
	Fiscal impact generated per audit FTE (SME audits).	Forecast
Scientific research and experimental development		
Eligible claimants receive timely Scientific Research and Experimental Development (SRED) tax incentives.	Percentage of service standards targets that are met or mostly met relating to SRED.	100%

Sub-program expected results	Performance indicators	Targets
Audit professional services		
Auditors receive timely advice, support, and services to detect non-compliance, and taxpayers receive timely advice to facilitate compliance.	Percentage of requests for real estate and business equity valuations actioned within 120 days of receipt.	80%
	Percentage of individual learning plan requests for national intermediate and advanced taxation courses actioned.	63%
Providing timely written communications to taxpayers.	Percentage of Ministerial correspondence actioned within 30 days of receipt.	80%
Criminal investigations program		
Suspected cases of evasion or fraud are detected and addressed through referrals to Public Prosecution Service of Canada.	Percentage of full-scale investigations referred to Public Prosecution Service of Canada compared to total number of full-scale investigations.	80%

Planning highlights

Service for taxpayers

In addition to offering general information to individual taxpayers, we provide detailed material on how tax laws apply in specific situations, and decide on the tax treatment in advance of certain business transactions. Businesses that are involved in scientific research can access specialized advisory services to help determine if they are eligible for Scientific Research and Experimental Development claims. Corporations carrying out international transactions can get advance transfer pricing arrangements for transactions between related companies, giving certainty that the approach complies with Canada's tax laws. Corporations and individuals can request income tax and GST/HST rulings in advance of completing specific transactions. These services help taxpayers and their representatives determine how complex tax rules should be interpreted in their circumstances.

Addressing non-compliance

Our tax system is based on the premise that the vast majority of taxpayers will voluntary comply. However, as responsible administrators we must complete the compliance continuum by actively enforcing compliance in those cases where taxpayers through neglect, avoidance, or fraud do not meet their obligations.

Our enforcement activities safeguard the integrity of our voluntary compliance system by demonstrating that our tax regime is fair and equitable, and that everyone is required to pay their fair share.

Aggressive tax planning

Aggressive tax planning (ATP) is a significant compliance challenge and a priority for the CRA. The globalization of commerce and labour mobility has made offshore financial transfers and investments accessible to a wider range of taxpayers. Aggressive Tax Planning schemes are now within the reach of most taxpayers and not just businesses or high-net-worth individuals. For this reason, ATP represents a real and emerging threat to Canada's revenue base.

Aggressive tax planning schemes are complex and constantly changing. The CRA relies on two primary tools to combat ATP: the knowledge and technical skills of our people, and the possession of accurate and current intelligence. The CRA supports our highly skilled auditors through training and by sharing the latest information that has been gathered on ATP schemes and tactics. We gathered much of this intelligence by working collaboratively with other tax jurisdictions and international organizations. The CRA engages other tax jurisdictions in bilateral and multilateral forums to improve information and intelligence-sharing, to discuss best practices, and to develop strategies to address known tax havens that sometimes support ATP schemes. The intelligence that is gathered is also used to close tax loopholes and strengthen existing legislation.

International engagement

In Canada and around the world, globalization continues to create complex and dynamic international taxation issues. Canadian individuals and businesses make international transactions worth hundreds of billions of dollars every year. Increasing cross-border commerce and the fluid and rapid movement of international capital represent significant challenges for tax administrators of all countries.

In the context of this global tax environment, international collaboration is essential to ensure integrity, compliance, and fairness in the application of tax laws. Responding to changing international dynamics means that we have to effectively target our engagement both bilaterally and in multilateral forums, to support the development and application of international standards in the area of tax.

Underground economy

The underground economy (UE) remains a priority for the CRA. To build an understanding of the factors that drive businesses and individuals to participate in the UE, we use a multi-faceted approach. By leveraging third party research in addition to in-house analytics, the CRA applies a strategic approach to combating UE, as well as directing resource allocation decisions.

To counter regional UE risks, the CRA is also engaging in targeted audits and outreach projects. By using a mix of education and outreach activities, we continue to evolve our communications strategy to make Canadians aware of the negative impacts of the UE.

Large business compliance

The financial contribution of large business entities to the Canadian tax base is significant. The CRA is implementing a new approach to large business compliance that will be phased in over several years. The goal is to optimize the use of compliance resources and lower the compliance burden for large file entities that behave transparently, and that demonstrate a history of managing their tax affairs responsibly. The CRA's approach to this sector is an example of how we are moving towards managing compliance more intelligently, and supporting the CRA's strategic directions.

The CRA is also in the process of rolling out a three-tier risk assessment and file selection process for the large business population at the regional level for GST/HST. This will allow for a more efficient and effective process in addressing non-compliance.

Small and medium enterprises

The CRA will improve the quality of the audit interventions for small and medium enterprises (SME). Our goals are to create greater consistency in audit file-selection, to focus on high risk files, to increase the capacity to accumulate and use business intelligence, to improve the quality of the audits, and to enhance the identification of auditor training needs. This will be achieved in part through Business Intelligence and Quality Assurance initiatives.

Tax intermediaries

Tax intermediaries provide a critical link between the taxpayer and the CRA because they are the first point of contact for the majority of businesses when they interact with the CRA. Businesses rely on their knowledge and professionalism to address their tax obligations, and the tax intermediaries often play a significant role in addressing non-compliant behaviour. We will continue to consult with key stakeholders to develop a more effective strategy to engage tax intermediaries.

Goods and services/harmonized sales tax (GST/HST) registrants

GST/HST represents a significant source of tax revenue for both the federal and applicable provincial governments. The expansion of the GST/HST framework in Canada, and the need to make businesses aware of their reporting requirements have become key challenges in successfully administering the GST/HST.

We will continue to protect GST/HST revenue sources by identifying non-compliant businesses and registrants, and by using proactive compliance communication. The CRA is working to identify trends and patterns of non-compliance, and we will use

this information to improve our risk assessment models. The enhancement of our risk assessment capabilities is an integral element of the CRA's ongoing strategy to address GST/HST non-compliance.

The CRA has transformed its approach to risk assessment for the examination of GST/HST refund returns that are filed by registrants, through the implementation of a national inventory. This approach will integrate enhanced data analytical capabilities into the CRA's business solutions infrastructure. This will improve functionality so that current and emerging risk issues are addressed as registrant behaviour changes.

Over the planning period, the CRA will focus on GST/HST compliance for small and medium businesses. Priority will be placed on reducing the red tape burden on small businesses, targeting the highest risk non-compliant accounts, streamlining the audit process to increase efficiency, and enhancing the focus on quality.

Administering the Scientific Research and Experimental Development program

The CRA oversees the administration of various tax incentives that promote economic growth in Canada, including the Scientific Research and Experimental Development (SR&ED) program. The SR&ED program provides businesses with a tax credit for research and development (R&D) spending, and is the largest single source of federal government support for industrial R&D activities performed in Canada. The CRA strives to deliver the tax incentives in a timely, consistent, and reliable manner while ensuring claims comply with tax laws, policies, and procedures.

We are continually working on ways to improve early certainty for businesses applying for SR&ED tax incentives. Over the planning period, the CRA will enhance the existing online eligibility self-assessment tool, improve the risk-based approach to file selection, and pilot a formal pre-approval process for SR&ED claims.

Enforcement program

While the CRA has a sustained audit presence across sectors, suspected cases of significant fraudulent non-compliance are dealt with by the Enforcement program, which investigates and refers cases for prosecution to the Public Prosecution Service of Canada. These cases can result in penalties, court fines, and up to five years of incarceration.

The Enforcement program is undergoing significant changes that include the centralization of the program to six offices by October 2013, integrating audit work that was previously carried out by criminal investigators into the regular audit stream, and enhancing partnerships with key stakeholders, with the RCMP, and the Public Prosecution Service of Canada.

Reporting compliance deliverables

Priority	Deliverable	Date
Aggressive tax planning	Identify and address abusive transactions.	Ongoing
	Leverage and strengthen existing legislation designed to reduce participation in ATP schemes.	Ongoing
	Expand our collaboration with other tax authorities and governing bodies to enhance our understanding of ATP schemes and offshore compliance issues.	Ongoing
	Use predictive analytics to identify areas of serious risks.	Ongoing
	Address Registered retirement savings plan income schemes by developing risk assessment processes to identify high-risk cases.	2013-2016
International engagement	Support and engage with international and regional tax organizations, and individual countries to strengthen international standards in the area of tax policy and administration.	2013-2016
Underground economy	Continue to adapt the UE compliance strategy.	Ongoing
	Explore new measures to support our efforts to combat the electronic suppression of sales in the retail and hospitality sector.	2013-2016
	Establish specialized regional audit teams to target underground economy risks that may be unique to specific regions.	2013-2016
	Collaborate with other federal agencies and departments, levels of government, and tax administrations to exchange information and identify best practices.	2013-2016
Large business compliance	Consult with large corporate entities to obtain their feedback on the new approach.	2013-2016
	Develop a compliance assurance review framework for low-risk segments.	2013-2016
Small and medium enterprises	Centralize audit workload selection under a new Business Intelligence and Quality Assurance structure in the CRA's regions.	2013-2016
	Explore opportunities to use technology to enhance support of electronic commerce audits.	2013-2016
	Implement CRA's action plan on the Government's Action Plan on Red Tape.	2013-2016
Tax intermediaries	Consult with key stakeholders to develop a more effective strategy to engage tax intermediaries.	2013-2016
GST/HST Registrants	Establish, refocus and strengthen risk assessment models and processes in GST/HST Workload Development, Pre-assessment, Large Business Audit, Non-resident Audit, and High Risk Analysis.	2013-2014
SR&ED	Enhance the existing online Eligibility Self-Assessment Tool.	2013-2014
	Enhance the risk-based approach to file selection, and develop and implement a workload management strategy for the SR&ED program.	2013-2014
	Improve early certainty for businesses applying for the SR&ED tax incentive by piloting a formal pre-approval process for SR&ED claims.	2013-2014
Enforcement program	Implement program improvements identified in the evaluation of Enforcement Programs.	2013-2015

Appeals (program 5)

Program description

This program provides a timely and dispute resolution process for taxpayers who disagree with decisions made by the CRA regarding their income tax, commodity tax, and CPP/EI files, or register their complaints about the services they have received from the CRA.

Financial resources (thousands of dollars)

Total budgetary expenditures (Main Estimates) 2013-14	Forecast spending 2012-13	Planned spending 2013-14	Planned spending 2014-15	Planned spending 2015-16
178,610	179,149	**178,625**	173,148	169,228

Human resources (full-time equivalent)

Total budgetary expenditures (Main Estimates) 2013-14	Forecast 2012-13	Planned 2013-14	Planned 2014-15	Planned 2015-16
1,634	1,700	**1,634**	1,628	1,607

Program expected results	Performance indicators	Targets
Taxpayers receive a timely review of contested decisions made under legislation administered by the CRA, and the handling of service complaints is timely and consistent.	Percentage of targeted levels of timeliness and consistency for income tax and commodity tax objections, CPP/EI appeals to the Minister, and service complaints, that are met or mostly met.	98%
Taxpayers receive an impartial review of contested decisions made under legislation administered by the CRA.	Percentage of service standards targets that are met or mostly met relating to transparency and impartiality for income tax and commodity tax objections, CPP/EI appeals to the Minister, and service complaints.	98%
Sub-program expected results	**Performance indicators**	**Targets**
Income tax objections, determinations and appeals to the Courts		
Taxpayers receive an impartial and responsive review of contested decisions made under the *Income Tax Act*.	Percentage of decisions on objections filed under the *Income Tax Act* completed within established timeframes.	85%
	Percentage of decisions on objections filed under the *Income Tax Act* determined to meet or exceed consistency standards.	90%
	Percentage of decisions on objections filed under the *Income Tax Act* determined to be impartial meets or exceeds target.	95%
Commodity taxes objections, determinations and appeals to the Courts		
Taxpayers receive a timely review of contested decisions made under the *Excise* and *Excise Tax Acts*.	Percentage of decisions on objections filed under the *Excise* and *Excise Tax Acts* completed within established timeframes.	85%
	Percentage of decisions on objections filed under the *Excise* and *Excise Tax Acts* determined to meet or exceed consistency standards.	90%
Taxpayers receive an impartial review of contested decisions made under the *Excise* and *Excise Tax Acts*.	Percentage of decisions on objections filed under the *Excise* and *Excise Tax Acts* determined to be impartial meets or exceeds target.	95%

Sub-program expected results	Performance indicators	Targets
Canada Pension Plan/Employment Insurance appeals to the Minister and appeals to the Courts		
Taxpayers receive a timely review of contested decisions made under the *Canada Pension Plan* or *Employment Insurance Act*.	Percentage of reviews of appeals to the Minister filed under the *Canada Pension Plan* or *Employment Insurance Act* completed within established timeframes.	85%
Taxpayers receive an accurate review of contested decisions made under the *Canada Pension Plan* or *Employment Insurance Act*.	Percentage of decisions regarding CPP/EI appeals to the Minister determined to meet or exceed accuracy standards.	90%
Taxpayers receive an impartial review of contested decisions made under the *Canada Pension Plan* or *Employment Insurance Act*.	Percentage of decisions of CPP/EI appeals to the Minister determined to be impartial.	95%
Service complaints		
Taxpayers are issued timely acknowledgements to their service complaints.	Percentage of service complaints acknowledged within 2 business days.	80%
Taxpayers receive timely resolutions to their service complaints.	Percentage of taxpayers service complaints resolved within 30 business days.	80%
Taxpayer relief		
Taxpayers receive a timely response to requests for interest and/or penalty relief.	Percentage of requests for taxpayer relief processed within established timeframes.	85%
Taxpayers receive a consistent response to requests for interest and/or penalty relief.	Percentage of Taxpayer relief files that have all supporting documentation.	85%

Planning highlights

Timely, impartial, and consistent redress and complaint mechanisms help to support our voluntary compliance system. High levels of voluntary compliance can only be sustained by maintaining the trust of those who are being asked to comply. This faith in our administration is built upon perceptions of fairness, impartiality, and integrity. These perceptions are validated by redress and complaint processes that allow taxpayers and benefit recipients to contest our decisions, voice their dissatisfaction with our services and, when warranted, seek relief.

Treating taxpayers with respect and fairness is clearly a key element in maintaining the trust of Canadians in our tax administration and sustaining our voluntary compliance system. Our redress and complaint processes support the compliance continuum by positively influencing compliance attitudes and demonstrating that our decisions are fair and impartial. This enhances the integrity of our tax and benefits administration.

Our recourse processes fall into three categories:

- lodging formal service complaints;
- providing taxpayer relief; and
- administrative review of our decisions.

Addressing service complaints

If taxpayers cannot resolve an issue to their satisfaction through normal interaction with our employees, they can lodge a formal complaint through our Service Complaints program. This program has its origins in the Taxpayer Bill of Rights, which is comprised of eight service rights, seven statutory rights, and five commitments to small business. The program offers taxpayers a formal process for resolving complaints about mistakes, undue delays, and other service-related issues. We conduct ongoing analyses of all formal service-related complaints. We use this information to identify trends and improve our service delivery and business processes by addressing the causes of these difficulties.

If taxpayers are not satisfied with how their complaints are resolved, they have the right to take their issues to the Office of the Taxpayers' Ombudsman.

Taxpayer relief

Taxpayer relief provisions help taxpayers who are unable to meet their tax obligations because of circumstances beyond their control. These provisions allow the Minister to offer relief to individual taxpayers in situations where the strict application of the law would be unreasonable or unfair.

These provisions allow for:

- cancelling or waiving of penalties and interest;
- accepting late, amended, or revoked income tax election; and
- issuing refunds or adjustments beyond the normal three-year period (for individuals and testamentary trusts).

Administrative review

The CRA has a statutory duty to provide an administrative review process that allows for the timely and impartial review of disagreements arising from our decisions. We deal with disputes that arise from assessments of income tax, excise tax, GST/HST, Canada Pension Plan (CPP) and Employment Insurance (EI), benefit programs, softwood lumber products export, air traveller security, and charities.

If a tax dispute cannot be resolved to the taxpayer's satisfaction through our formal administrative review processes, the taxpayer can also appeal to the Tax Court of Canada. The Department of Justice serves as our advocate in these cases and we work closely with them to ensure that our positions are defended and fully communicated to the Court.

By modernizing business practices and optimizing our delivery structure, we expect to see productivity gains that will allow us to more efficiently process these complex files.

The CRA will continue to invest additional resources to mitigate the risks associated with the increasing inventory of objections. Administrative disputes held pending the outcome of court decisions comprise a significant portion of the objections currently in our inventory. Managing these files proactively to ensure the CRA is in a position to process them on a timely basis when the courts render their decisions, and when those files move to an active status, remains an important objective. We will centralize skill sets and consolidate the processing of common or group objections, to position the CRA to resolve these disputes efficiently.

Appeals deliverables

Priority	Deliverable	Date
Appeals	Strengthen our business analytics capacity to better identify trends in service complaints.	2013-2016
	Work with our regional offices to reduce processing times for requests for taxpayer relief.	2013-2016
	Reduce workable inventory levels of objections and timeframes for addressing unassigned inventory.	2013-2016
	Contain litigation costs by enhancing controls and analysis.	2013-2016
	Full implementation of business transformation model designed to consolidate/group project files.	2013-2014

Benefit programs (program 6)

Program description

This program provides Canadians with income-based benefits and other services that contribute directly to their economic and social well-being. The CRA administers the Canada Child Tax Benefit, the Goods and Services Tax/Harmonised Sales Tax Credit, the Children's Special Allowances, the Disability Tax Credit, the Universal Child Care Benefit, and the Working Income Tax Benefit advance payments, as well as a range of ongoing benefits and one-time payment programs on behalf of the provinces and territories, First Nations governments, and other federal government departments. This program provides accessible information and timely responses to benefit recipient enquiries.

Financial resources (thousands of dollars)

Total budgetary expenditures (Main Estimates) 2013-14	Forecast spending 2012-13	Planned spending 2013-14	Planned spending 2014-15	Planned spending 2015-16
382,510	383,130	**382,510**	382,314	385,942

Human resources (full-time equivalent)

Total budgetary expenditures (Main Estimates) 2013-14	Forecast 2012-13	Planned 2013-14	Planned 2014-15	Planned 2015-16
1,561	1,505	**1,561**	1,532	1,532

Program expected results	Performance indicators	Targets
Benefit recipients are provided timely and accurate eligibility determinations and payments, and have access to timely and accurate information.	Percentage of service standards targets that are met or mostly met relating to Benefits administration and enquiries.	100%
	Canada Child Tax Benefit (CCTB) overpayment debt as a percentage of payments issued.	0.40%
Sub-program expected results	**Performance indicators**	**Targets**
Benefits enquiries		
Benefit recipients have access to timely and accurate responses to their telephone enquiries.	Service standard – service level – percentage of Canada Child Tax Benefit (CCTB) and GST/HST credit calls answered within 2 minutes of entering the agent queue.	75%
	Percentage of accurately updated internal reference materials for benefit services agents.	100%
Benefits programs administration		
Benefit and credit eligibility determination and payment processing are timely and accurate.	Percentage of service standards targets that are met or mostly met relating to benefit and credit application/maintenance.	100%
	Percentage of Canada Child Tax Benefit (CCTB) accounts targeted under validation programs that were adjusted (validation and control).	50%
	Percentage of respondents satisfied with benefit application processing time.	75%

Planning highlights

Our benefits programs touch the lives of over 20 million Canadians who depend on the Canada Child Tax Benefit, the GST/HST credit, and the children's special allowances to improve their standard of living and quality of life. We provide accessible information and services to Canadians about the payments and credits to which they may be entitled, and to ensure that they receive the correct benefits in a timely fashion. In line with CRA's strategic directions, we are maximizing automation and e-services to increase efficiency, gather and use data, and better serve our government clients and benefit recipients.

Administering benefits

The CRA is one of the largest service organization in the federal government. We play a vital role in providing income security to 12 million Canadians. Our core benefit activities include:

- six federal benefit programs;
- 25 ongoing benefit programs that we administer on behalf of the provinces and territories; and
- several one-time payment credit programs.

Our goal is to ensure that recipients have timely access to the benefits and credits that they are entitled to receive. Our challenge is in meeting service and cost expectations of government clients while remaining responsive to the needs of benefit recipients. The most effective means of achieving this delicate balance is through the adoption of innovative service solutions. We will achieve this balance by:

- taking a client-focused approach that minimizes interactions and simplifies access to information and services;
- ensuring that our solutions are supported by evidence, data, and trend analysis; and
- continuing to provide secure and stable service delivery that is cost-effective for our government clients.

Ensuring accurate payments

Our goal is to ensure that the right benefit entitlement is paid to the right individual. We accomplish this by conducting reviews to identify possible areas of non-compliance. Our reviews may decrease or increase benefits depending on the recipient's individual circumstances. The validation process is designed to maintain the integrity of child and family benefit and credit programs. It also helps to inform individuals about their eligibility for benefits and credits. Maintaining the integrity of these benefit programs is vital to ensuring that we do not create undue hardship for individuals.

Electronic services

The CRA is a leader in delivering government e-services and we will continue to build upon our expertise in this field. We will be leveraging e-service technology to increase operating efficiencies and to streamline our service delivery. Two good examples of how we are using technology are:

- e-Documents, which will allow benefit recipients to send us all required documentation, such as proof of birth or citizenship, completely electronically.
- e-Delivery, which will allow us to electronically notify recipients of the Canada Child Tax Benefit, the GST/HST credit, and all provincial and territorial benefits programs, of correspondence or an action request.

The introduction of the Automated Benefit Application (ABA) service has eliminated the need for separate applications for credits that the CRA delivers, including federal and provincial or territorial benefits. As part of the ABA service, the CRA receives birth information directly from provincial or territorial statistics agencies, and uses this information to register Canadian newborns for the benefit and credit programs. This service has allowed the CRA to further simplify and reduce benefit recipients' application burden.

Benefits system renewal

The objective of the Benefits system renewal project is to renew and strengthen the CRA's benefits system by modernizing processes and incorporating more efficient technologies to address identified risks. By the end of 2018, we will have invested

over $55 million in this project. This will ensure uninterrupted delivery of benefit programs and services, and provide a solid foundation for the CRA to continue to respond to opportunities for growth in program and service delivery on behalf of our government partners. This Benefits system renewal will also prevent payment errors following life events like marital status or address changes.

Benefit programs deliverables

Priority	Deliverable	Date
Working together	Implement new benefit programs, such as the Prince Edward Island sales tax credit.	2013-2016
	Expand data exchange opportunities.	2013-2016
Ensuring accurate payment	Maintain and refine the validation program to ensure that compliance risks are identified and addressed.	2013-2016
Electronic services	Increase the number of provinces using the Automated Benefit Application service.	2013-2016
	Expand the e-Documents functionality to the benefit recipient population.	2013-2016
	Introduce e-Delivery to My Account.	2013-2016
Benefit system renewal	Develop and streamline our processing system and improve payment accuracy.	2013-2016
	Improve system sustainability and data quality.	2013-2016

Internal services (program 7)

Program description

Internal services support the needs of programs and fulfil the corporate obligations of the organization. These include: management and oversight; communications; legal; human resources management; financial management; information management; information technology; real property; materiel; acquisition; and travel and other administrative services. Internal services include only those activities and resources that apply across the organization and not to those provided specifically to an individual program.

Financial resources (thousands of dollars)

Total budgetary expenditures (Main Estimates) 2013-14	Forecast spending 2012-13	Planned spending 2013-14	Planned spending 2014-15	Planned spending 2015-16
1,134,805	1,399,696	**1,128,367**	1,099,782	1,089,215

Human resources (full-time equivalent—FTE)

Total budgetary expenditures (Main Estimates) 2013-14	Forecast 2012-13	Planned 2013-14	Planned 2014-15	Planned 2015-16
7,767	9,234	**7,767**	7,677	7,596

Planning highlights

The CRA is recognized as a world-class tax and benefit administrator. Our goal is to make sure that we invest resources wisely in those areas that are essential to meet existing business needs and achieve long-term sustainability. Ensuring that our tax and benefit services have the resources, support services, and infrastructure necessary to provide for the successful delivery of our core programs, are key drivers in determining our priorities.

We use modern management methods and practices to ensure that we:

- carry out effective human resources practices that support the achievement of business objectives;
- sustain and advance our information technology (IT) assets, which are critical to the delivery of our programs;
- comply with the accountability requirements of financial and administrative legislation, regulations, government policies, and directives;
- protect the confidentiality and ensure the security of taxpayer and benefit recipient information at all times; and
- use sound risk management principles to support responsible decision-making and good governance.

Integrity and security

Using tools such as the CRA's Integrity Framework (Framework), we will continue to foster employee adherence to the CRA's core values of integrity, professionalism, respect, and co-operation. The Framework brings together our policies, our programs, and our processes in a way that contributes to, and helps us identify areas that we need to strengthen. If we are to maintain citizen trust and confidence in our tax and benefit administration, our employees and our management must always demonstrate integrity and ethical behaviour in all of their dealings. To help accomplish this goal, we are investing $24 million in projects that will strengthen controls over employee-access to sensitive information, as well as ensure that taxpayer information is being used for its intended purpose.

Given that we have a very large Internet presence and manage vast quantities of sensitive and confidential taxpayer information, our objective is to ensure that CRA data and information assets, including IT infrastructure, continue to be protected from all current and future threats, including Internet-based service attacks. The CRA's IT security landscape demands constant vigilance, and we are continually evolving our security posture to address increasingly complex cyber threats.

In addition, we will:

- initiate a review of security awareness and training products with the goal of creating a comprehensive and standardized Security Awareness program;
- continue to advance our Internal Fraud Control program to prevent, detect, and deter the risk of internal fraud;
- advance our National Audit Trail Monitoring program;
- advance the Identity and Access Management Project; and
- roll-out the new Emergency and Incident Management Electronic Tool.

Efficiency

The CRA continues to promote the efficient and effective use of financial resources. In addition to rigorous financial controls that ensure spending is authorized and appropriate, the CRA undertakes thorough planning to allocate resources to initiatives and activities that clearly support program outcomes and government priorities, while addressing emerging threats and risks. We will continue to increase our capacity to incorporate research and analytics at the Agency level to guide decisions on strategic investments.

Automation is one means that the CRA uses to become more efficient. The investments we have made and continue to make are reducing the cost of individual transactions. Leveraging IT infrastructure has provided us with some flexibility to direct resources to other areas of priority, including those that will continue to rely on knowledge workers, due to the complexity and judgement required.

As an organization, the CRA is present in many buildings across Canada. By adopting efficient approaches to our use of buildings and office space we will improve the sustainability of our operations and reduce our overall spending on real property, while maintaining a good working environment for our employees. The CRA has implemented a new approach to the provisioning of office space. This new approach is based on an assessment of current space utilization, a verification of operational needs, and the identification of potential savings. We will develop CRA-wide project-specific plans to generate annual accommodation savings to ensure that both the CRA and the Public Works and Government Services Canada (PWGSC), as service providers, are moving forward effectively in meeting the savings objectives.

We continue to pursue innovative arrangements when they make good business sense. In response to the Library and Archives Canada's announcement of its intention to suspend its paper storage services, the CRA announced that it would be moving to a managed storage solution for paper records. The CRA is redesigning its approach to the management of paper records to eliminate processing steps and increase efficiencies. This process will help the CRA manage the decreasing workload associated with paper records as the uptake of e-services by citizens increases. As the CRA takes the security of all taxpayer information very seriously, we will ensure that the personal information and privacy of taxpayers and benefit recipients continues to be safeguarded with this new approach.

Tax authorities around the world are increasingly adopting business intelligence-based solutions to better understand taxpayer behaviour and to identify more efficient administrative processes. The CRA has made significant progress in using business intelligence in several programs and we are now turning our attention to mapping out the key business intelligence initiatives we plan to carry out over the next five years. We will develop a strategy for the comprehensive application of intelligence across programs where this will make us more effective and efficient.

Sustainability

We are working to ensure that resources are invested to meet our growing business needs and achieve long term sustainability, ensuring that our tax and benefit services have the proper resources, infrastructure, and guidance.

One of our biggest sustainability priorities is redesigning the T1 individual income tax program automated system (T1 redesign). With this long-term project, which underpins our largest tax program, we are working to make sure our automated system continues to support uninterrupted service and lays the foundation to achieve improved taxpayer service and enhanced operational effectiveness. The Government has provided $251 million to the CRA so that we can update this key system over the next seven years.

The reengineering of the benefits system is a multi-year undertaking designed to renew, strengthen, and sustain the capacity of the CRA to meet its priority of issuing timely and accurate benefit payments to the millions of Canadians who depend on them.

We will continue advancing our Application Sustainability program to ensure the stability of our systems, and to protect the integrity of the tax base and our benefit services. In collaboration with CRA stakeholders, we will manage IT investments to deliver value-for-money and further capitalize on our ability to demonstrate that it is safe to send information to the CRA.

Starting in November 2011, Shared Services Canada became responsible for delivering email, data centre, network, and telephony services across the federal public service. As a result, we have transferred $6.2 million in ongoing funding from the Strategic Investment Reserve along with the responsibility for four of our major investment projects. We will continue to manage and develop the IT-enabled business applications that are critical to our business processes, delivering benefits, and processing returns and payments. The CRA is working closely with our partners at Shared Services Canada to support them in safeguarding the integrity of our IT infrastructure.

Qualified and skilled employees

We continue to count on the expertise and resilience of our workforce to deliver our core services and compliance activities, and the internal services that support them. There will always be a need for qualified, skilled employees in our organization that focus on providing the best service to Canadians. Comprehensive, forward-looking documents like HR 2020 and the Agency Strategic Workforce Plan include enhanced succession planning approaches that will ensure that the CRA continues to have the appropriate workforce capacity and capability to deliver on its priorities and programs. Through training and development, as well as targeted recruitment activities, we are confident that our workforce will contain the right mix of flexibility and adaptability to meet the challenges of the future.

Agile workplace

Agility and innovation will be the watchwords as the CRA maintains business excellence while continuously transforming in response to changes in our operating environment. Collaboration will be a key to our success in meeting future challenges. We must be able to effectively work with other areas of the CRA, with other public sector organizations, the key stakeholders in the community, tax intermediaries, and international tax administrators.

Collaborative technologies will help empower this transition by offering new tools to enable change and innovation and to provide more organizational agility. For example, electronic workload distribution, virtual management, and self-service tools will streamline our operations and improve our efficiency.

High performing organization

The CRA's healthy work environment – focused on alignment, strong results and renewal, and characterized by trust – will be built on a partnership of executives, managers, and employees. Each partner will be willing to innovate and to challenge traditional ways of thinking and working together.

Executives will continue to actively undertake their people-management responsibilities by communicating openly and sharing information. Managers will be a vital link in the communications chain, translating the CRA's mandate and strategic vision into

concrete program objectives and meaningful responsibilities for individual employees. Performance management will be anchored in continuous feedback between managers and employees, reported on through the performance expectations and assessment process.

Integrity-based leadership

Engaging and inspiring our people to contribute their best by ensuring a healthy work environment, communicating direction and its purpose, connecting meaningfully, and encouraging them to share their ideas for improvement are central to our people management approach.

Succession planning and leadership development will enable the organization to have the right leaders in place who are ready, willing, and capable of delivering on our program objectives. Given the evolution of the CRA business, operating environment and workforce, there will be a focus on equipping managers and executives for their increasingly important transformational leadership and change management roles. Leaders are key to the successful implementation of business transformations because they can influence and shape their organization's attitude and beliefs on change and innovation.

Communication

The CRA recognizes the growing importance of social media, and we have been using social media and Web 2.0 tools to connect with Canadians for several years. The CRA social media presence currently comprises English and French Twitter accounts and YouTube channels. We have experienced steady and exponential growth in our social media audience.

To remain relevant with the current information consumption patterns of the general public, we need to be effective in our targeted external communications. This means leveraging social media to deliver information to taxpayers using the channels with which they are most comfortable. We will continue to increase our use of social media tools, to evaluate new technology, and to implement new tools and channels when it makes strategic sense to do so.

CRA sustainable development

Through the Sustainable Development (SD) strategy 2011-2014, the CRA contributes to the Federal Sustainable Development Strategy (FSDS) targets for Greening Government Operations (GGO), and integrates SD into our programs and services, decision-making and accountability processes.

Goal 1 of the CRA's SD Strategy focuses on reducing the effects of our operations on the natural environment and contributes to the following GGO target areas of Theme IV of the FSDS: green procurement, electronic waste, paper consumption, printer-to-employee ratio, green meetings, and greenhouse gas emissions.

Goal 2 of CRA's SD Strategy focuses on integrating SD into core programs and services provided to taxpayers and clients, while;

Goal 3 aims to enhance the internal support functions that enable the CRA to efficiently and effectively administer tax and benefits services.

For additional information on CRA's targets related to GGO, please refer to Section III of the Report on Plans and Priorities. For complete details on the CRA SD strategy, please refer to the CRA SD Strategy 2011-2014.

Internal services deliverables

Priority	Deliverable	Date
Integrity and security	Develop an options analysis report through a formal Request for Information exercise, and modernize the National Audit Trail system.	2013-2017
	Continue to develop and implement a comprehensive Security Awareness program.	2013-2016
	Initiate an entity-level fraud risk assessment and complete the pilot project for fraud risk assessments.	2013-2014
	Launch the new Emergency and Incident Management Electronic Tool.	2013-2014
	Continue to evolve our IT security program, such as developing an IT Security Strategy, to ensure the CRA continues to meet or exceed the standards set out by the Government of Canada.	2013-2016
	Enhance business continuity planning by developing an Agency-wide Continuity Management plan.	2013-2015
Efficiency	Redesign paper records storage and retrieval processes and transition to a managed storage solution.	2013-2015
	Develop CRA-wide project plans to generate annual accommodation savings.	2013-2017
	Implement business intelligence road map.	2013-2016
	Develop a business intelligence strategy.	2013-2019
	Develop a business intelligence centre of expertise.	2014-2015
Sustainability	Improve our monitoring of and reporting on the progress of the activities to address identified enterprise risks.	2013-2016
	Meet T1 redesign milestones.	2013-2016
	Update the long-range Application Sustainability plan for 2013-2025 and advance the conversion of the Integrated Database Management System (IDMS), based databases and applications built with sunsetting technologies.	2013-2014
	Develop a phased-in approach for the Business Number system to ensure the program continues to support Vision 2020.	2013-2014
Qualified and skilled employees	Develop and publish the 2013-2016 Agency Strategic Workforce plan.	2013-2016
High performing organization	Strengthen the performance management program.	2013-2014
Communication	Increase the use of social media platforms (YouTube, Twitter).	2013-2016
Sustainable development	Complete the implementation of the current SD strategy, and develop and implement the 2014-2017 SD strategy.	2013-2017

Section III: Supplementary information

Financial highlights

The future-oriented financial highlights presented within this Report on Plans and Priorities (RPP) are intended to serve as a general overview of the Canada Revenue Agency's (CRA) financial position and operations. These future-oriented financial highlights are prepared on an accrual basis to strengthen accountability and improve transparency and financial management.

Future-oriented financial statements can be found on the CRA's website at www.cra-arc.gc.ca/rppe.

Condensed Statement of Financial Position - Agency Activities

For the year (ended March 31)

($ millions)

	Future-oriented 2014	Future-oriented 2013
Liabilities	917.4	921.7
Financial assets	190.3	179.6
Agency net debt	**727.1**	**742.1**
Non-financial assets	418.0	399.0
Agency net financial position	**309.1**	**343.1**

Total liabilities amount to $917.4M in 2013-2014, representing the CRA's obligations expected to be funded by appropriations in future years, as they are paid. Employee severance benefits of $495.4M are the greatest liability to the CRA, which are calculated based on employee eligibility, years of service and salary upon termination.

The CRA's financial and non-financial assets totalled $608.3M in 2013-2014, which are comprised mainly of capital assets totalling $404.8M. Software is the largest asset class, ($401.1M), as the CRA focuses on making use of the newest technology in delivering its programs and services to Canadians.

After calculating the difference between its liabilities and assets, the CRA's net financial position in 2013-2014 is $309.1M.

Condensed Statement of Operations and Agency Net Financial Position - Agency Activities

For the year (ended March 31)

($ millions)

	% change	Future-oriented 2014	Future-oriented 2013
Expenses	(6.63%)	4,516.6	4,837.5
Non-tax revenues	1.63%	517.0	508.7
Net cost of operations before government funding	**(7.60%)**	**3,999.6**	**4,328.8**
Government funding	(10.96%)	4,033.6	4,530.2
Operating surplus	(83.12%)	(34.0)	(201.4)
Agency net financial position - Beginning of year	(36.99%)	343.1	544.5
Agency net financial position - End of year	**(9.91%)**	**309.1**	**343.1**

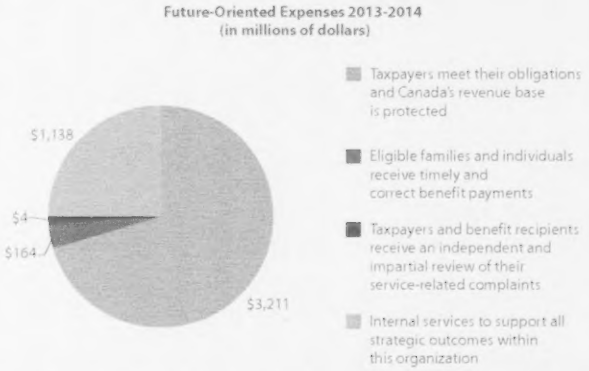
The chart below outlines the Agency's future-oriented total expenses for 2013-2014. It is projected that total expenses will be $4,516.6M for the coming fiscal year.

Most of these expenses ($3,211.0M) will be directed at enhancing the CRA's capability to achieve its first strategic outcome: Taxpayers meet their obligations and Canada's revenue base is protected. The CRA will achieve this outcome by: assisting taxpayers and businesses in meeting their obligations through the provision of accurate and timely responses to their enquiries; processing and validating taxpayer returns for both individuals and businesses; identifying and addressing non-compliance with the registration, filing, remittance and payment requirements of the various Acts administered by the CRA; verifying the complete and accurate disclosure by taxpayers of all required information to establish tax liabilities and protect the tax base through audit, enforcement and incentive administrative activities; and providing a timely and impartial dispute resolution process for taxpayers who disagree with decisions made by the CRA.

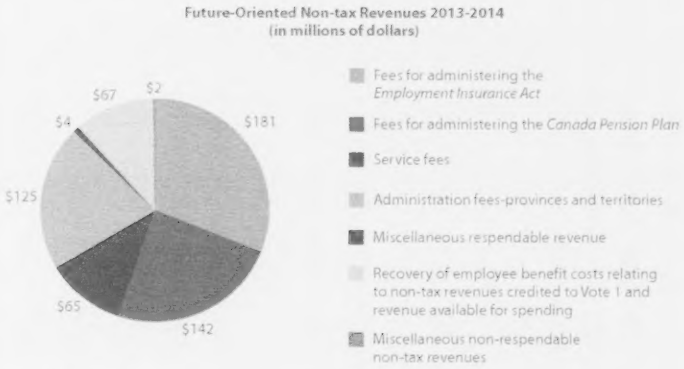
$164.3M in expenses will be used to meet the CRA's second strategic outcome: Eligible families and individuals receive timely and correct benefit payments. The CRA administers the Canada Child Tax Benefit, Goods and Services Tax/Harmonised Sales Tax Credit, Children's Special Allowances, the Disability Tax Credit, the Universal Child Care Benefit, and Working Income Tax Benefit advance payments as well as a range of ongoing benefits and one-time payment of programs on behalf of the provinces and territories, and other federal government departments.

$3.7M in expenses will be used to support the CRA's third strategic outcome: Taxpayers and benefit recipients receive an independent and impartial review of their service-related complaints with the Taxpayers' Ombudsman activity.

Finally, $1,137.6M in expenses will be used in support of internal services. Internal services activities are those that apply across the organization and not to a specific program. These include activities such as Management and Oversight Services; Communications Services; Legal Services; Human Resources Management Services; Financial Management Services; Information Management Services; Information Technology Services; Real Property Services; Materiel Services; Acquisition Services; and Travel and Other Administrative Services.


Future-Oriented Expenses 2013-2014
(in millions of dollars)
$1,138
$4
$164
$3,211
Taxpayers meet their obligations and Canada's revenue base is protected
Eligible families and individuals receive timely and correct benefit payments
Taxpayers and benefit recipients receive an independent and impartial review of their service-related complaints
Internal services to support all strategic outcomes within this organization

The chart below outlines the CRA's future-oriented total non-tax revenues for 2013-2014. It is projected that total non-tax revenues will be $517.0M for the coming fiscal year, after excluding the revenues to be earned on behalf of Government ($68.2M). Prior to excluding these $68.2M in revenues, the majority of non-tax revenues ($323.2M) are comprised of revenues credited to Vote 1 and are expected to be generated from the administration of the *Employment Insurance Act* ($181.4M) and the *Canada Pension Plan* ($141.8M). The next category amounts to $193.8M for non-tax revenues available for spending, which are expected to come from service fees ($64.9M), administration fees for provinces and territories ($124.7M), and other miscellaneous respendable revenues ($4.2M). Non-tax revenues not available for spending total $68.2M and will stem from the recovery of employee benefit costs relating to non-tax revenues credited to Vote 1 and revenues available for spending ($66.7M) as well as other miscellaneous non-respendable non-tax revenues ($1.5M).



Note 1: Figures include revenues earned on behalf of Government.

List of supplementary information tables

All electronic supplementary information tables listed in the 2013-2014 Reports on Plans and Priorities can be found on the CRA website: www.cra.gc.ca/rppe

Details on transfer payment programs
Greening government operations
Sources of respendable and non-respendable revenue
Summary of capital spending by program activity
Upcoming internal audits and evaluations over the next three fiscal years
User fees

Tax expenditures and evaluation report

The tax system can be used to achieve public policy objectives through the application of special measures such as low tax rates, exemptions, deductions, deferrals and credits. The Department of Finance publishes cost estimates and projections for these measures annually in the Tax Expenditures and Evaluations publication. The tax measures presented in the Tax Expenditures and Evaluations publication are the sole responsibility of the Minister of Finance.

Section IV: Other items of interest

Organizational contact information

Canada Revenue Agency

Appropriate Minister

The Honourable Gail Shea, P.C., M.P., Minister of National Revenue and Minister for the Atlantic Canada Opportunities Agency

Institutional head

Andrew Treusch, Commissioner and Chief Executive Officer

Constituent act

Canada Revenue Agency Act, [1999, c. 17]

Year of incorporation/commencement

1999

Mandate

The Canada Revenue Agency is responsible for supporting the administration and enforcement of program legislation; implementing agreements between the Government of Canada and the government of a province, territory, or other public body that performs a government function of government in Canada; implementing agreements or arrangements between the CRA and departments or other agencies of the Government of Canada; and implementing agreements between the Government of Canada and First Nations governments to administer a tax.

Head office

Connaught Building
555 MacKenzie Avenue, 7th Floor
Ottawa ON K1A 0L5
Telephone: 613-957-3688
Fax: 613-952-1547
Web site: www.cra.gc.ca

Organizational structure

The Honourable Gail Shea
Minister of National Revenue
The minister is responsible for the Canada Revenue Agency.

Susan J. McArthur
Chair, Board of Management
The Board is responsible for overseeing the organization and administration of the CRA and the management of its resources, services, property, personnel, and contracts.

Andrew Treusch
Commissioner and Chief Executive Officer
The commissioner is the chief executive officer of the CRA and is responsible for its day-to-day management and direction.

Bill Jones
Deputy Commissioner
The deputy commissioner supports the commissioner and chief executive officer in the day-to-day management and direction of the CRA.

Anne-Marie Lévesque
Assistant Commissioner
Appeals

Dave Bennett
Assistant Commissioner
Assessment and Benefit Services

Terrance McAuley
Assistant Commissioner
Compliance Programs

Brian McCauley
Assistant Commissioner
Legislative Policy and Regulatory Affairs

Michael Snaauw
Acting Assistant Commissioner
Taxpayer Services and Debt Management

Peter Estey
Assistant Commissioner
Atlantic

Darrell Mahoney
Assistant Commissioner
Ontario

Maureen Phelan
Assistant Commissioner
Pacific

Cheryl Bartell
Assistant Commissioner
Prairie

Gabriel Caponi
Assistant Commissioner
Quebec

Brian Philbin
Assistant Commissioner and
Chief Audit Executive
Audit, Evaluation, and Risk

Filipe Dinis
Chief Financial Officer
and Assistant Commissioner
Finance and Administration

Diane Lorenzato
Assistant Commissioner
Human Resources

John Messina
Chief Information Officer and
Assistant Commissioner
Information Technology

Micheline Van-Erum
Assistant Deputy Attorney General
Legal Services

Sandra Lavigne
Assistant Commissioner
Public Affairs

Catherine Bennett
Assistant Commissioner
Strategy and Integration

As of February 2013

Service standards at the CRA

Introduction

External service standards represent the CRA's commitment to the level of service that citizens can expect under normal circumstances. They also reinforce our commitment to transparency, management accountability, and citizen-focused service.

Managing our service standards

The CRA will continue to examine opportunities for introducing new service standards to keep pace with changes, client preferences or expectations, technology and business processes, as well as with our evolving service offerings. Service standards will continue to reflect CRA's enhancements to electronic services. We recognize the importance of client input and are taking steps to ensure taxpayer and benefit recipient perspectives are considered as service standards evolve.

Introduction of new service standards

The two new charities written enquiries service standards will provide taxpayers with a response to routine written enquiries in 30 calendar days or less of receipt and to complex written enquiries in 75 calendar days or less of receipt.

We are introducing two new standards for processing a request to authorize or cancel a representative: one for electronic requests and one for paper. We will assess electronic requests in five business days or less and paper requests within 20 business days.

Priority	Service	Standard	Target
Service for taxpayers	Charities – written enquiries – routine	Our goal is to review and respond to **routine** written enquiries in 30 calendar days or less of receipt.	80%
	Charities – written enquiries – complex	Our goal is to review and respond to **complex** written enquiries in 75 calendar days or less of receipt.	80%
	Processing a request to authorize or cancel a representative – paper	Our goal is to process your complete paper request to authorize or cancel a representative in **20 business days** or less of receipt by the CRA provided the request is complete.	90%
	Processing a request to authorize or cancel a representative –electronic	Our goal is to process your complete electronic request to authorize or cancel a representative in **5 business days** or less of receipt by the CRA provided the request is complete.	90%

Revision to existing service standards

We are proposing to change two service standards.

The standard for processing excise tax, excise duty, softwood lumber returns, and air travellers' security charge returns target was in 90 calendar days or less 95% of the time. As a result of our increased efficiency in processing these returns, we are lowering the assessment time from 90 to 60 calendar days.

The current standard for processing T2 corporation income tax returns is an average of the time to process both paper and electronic returns. We have created two separate service standards for processing T2 corporation income tax returns: one for electronic and one for paper. We will assess electronically filed T2 returns in 45 calendar days or less and paper filed T2 returns in 90 calendar days or less. This sets out clearly that the CRA usually takes less time to process electronic returns. This is to encourage T2 filers who are not mandated to file their returns electronically to do so.

Priority	Service	Standard	Target
Service for taxpayers	Processing excise tax, excise duty, softwood lumber returns, and air travellers security charge returns	Our goal is to assess excise tax, excise duty, softwood lumber returns, and air travellers' security charge returns in **60 calendar days** or less of receipt.	95%
	Processing T2 corporation income tax returns – electronic	Our goal is to assess **electronic** T2 returns (corporation income tax) in **45 calendar days** or less.	90%
	Processing T2 corporation income tax returns – paper	Our goal is to assess **paper** T2 returns (corporation income tax) in **90 calendar days** or less.	90%

Retirement of service standards

The CRA remains committed to developing a service standard portfolio that is relevant to clients and responds to changes in our operating environment. As part of this ongoing review process, we will retire four of our existing service standards.

The service standards for processing a request to authorize or cancel a representative – accuracy – peak and non-peak will be retired. These standards, at 98% accuracy, could be perceived inaccurately by the public as indicating that 2% of the time, the wrong person is given representative access.

We are retiring two service standards for timeliness (peak and non-peak) for processing a request to authorize or cancel a representative. Two new service standards are being introduced for processing paper and electronic requests to authorize or cancel a representative.

Priority	Service	Standard	Target
Service for taxpayers	Processing a request to authorize or cancel a representative – accuracy (peak)	Our goal is to accurately process your request to authorize or cancel a representative; if necessary, we will send you a letter requesting additional information.	98%
	Processing a request to authorize or cancel a representative – accuracy (non-peak)	Our goal is to accurately process your request to authorize or cancel a representative; if necessary, we will send you a letter requesting additional information.	98%
	Processing a request to authorize or cancel a representative - timeliness (peak)	Our goal is to process your request to authorize or cancel a representative during peak tax time (mid–March to mid–July) within 20 business days of receipt by the CRA.	90%
	Processing a request to authorize or cancel a representative - timeliness (non-peak)	Our goal is to process your request to authorize or cancel a representative received during non-peak tax time, (mid-July to mid-March) within five business days of receipt by the CRA.	90%

Endnotes

- 2013-14 Main Estimates: www.tbs-sct.gc.ca/ems-sgd/esp-pbc/me-bpd-eng.asp
- CRA internal audit and program evaluation: www.cra-arc.gc.ca/gncy/ntrnl/menu-eng.html
- CRA Reports on Plans and Priorities: www.cra-arc.gc.ca/rppe/
- CRA sustainable development: www.cra-arc.gc.ca/sds/
- CRA Web site: www.cra-arc.gc.ca
- Federal Sustainable Development Strategy: www.ec.gc.ca/dd-sd/
- Government of Canada Tax Expenditures: www.fin.gc.ca/purl/taxexp-eng.asp
- Treasury Board of Canada Secretariat: www.tbs-sct.gc.ca/tbs-sct/index-eng.asp
- Future-oriented financial statements: www.cra-arc.gc.ca/rppe